

Hanging in the balance: A hang glider taking off from Dunstable Downs yesterday against the background of the London Gliding Club. Adherents of the two sports, despite their similarities, are at loggerheads. Owners of hang gliders find Tottenham Pastures, which are owned by Bedfordshire County Council, a good place from which to launch themselves, but for the

London Gliding Club, which has been using the airfield for 50 years, the hang gliders represent an uncontrolled danger as they compete for the same air space. The club feels that a fatal collision is probable rather than possible. After inconclusive legal action against three hang glider pilots, the county council is to take the matter to the Civil Aviation Authority.

NEWS IN SUMMARY

High budget pledge by new leader

The new left-wing Labour leader of Merseyside County Council said after his election yesterday that the county budget for the coming year would be well above the Government limit of £140m. (Our Liverpool correspondent writes).

Mr Keva Coomes, aged 32, replaces Mr James Stuart-Cole, who resigned as council leader last year when he could not get the Labour group to agree to a more moderate budget of £157m.

Tonight Mr Coomes, a solicitor, will chair the group meeting which will decide the budget recommendation to be put to the county council tomorrow. Left-wing members are pressing for a £169m budget, which would lead to Government financial penalties.

At yesterday's group meeting Mr John Duncan collapsed and died. He represented the Newton-le-Willows ward at St Helens.

New coxswain at Penlee

Mr Kenneth Thomas, aged 32, was named yesterday as the new coxswain of the Penlee lifeboat, at Mousehole, in Cornwall (Craig Seton writes). He succeeds Mr Trevelyan Richards, who died with his seven crew in December when the lifeboat the *Solomon Brown* sank off Land's End.

Mr Thomas, who is married with five children, has been a fisherman for 17 years. He has not served with the lifeboat service and will undergo training before taking charge of the Guy and Clare Hunter lifeboat, which is based at Mousehole.

Dr Dennis Leslie, chairman of the Penlee Lifeboat Committee, said last night that Mr Thomas fulfilled all the necessary criteria to make a good coxswain. He was a man who others would unhesitatingly serve.

More women at Oxford

The number of women entering Oxford University in October will be a record for the third successive year (Our Oxford Correspondent writes). Places have been offered to 1,109 women and 1,731 men, out of the 7,539 applicants. Last year 1,739 men and 1,097 women were successful.

Maintained schools provided 1,404 of the new students, independent schools 1,325 and other schools 111.

Children in care 'had to go home'

Mr Gilbert Hodgkinson, the Wolverhampton social services chief, yesterday defended the decision of his department to let five children in care go back to Mrs Carmita Saul, their mother, in Belize in Central America, where one of them, it was reported yesterday, is now forced to live with young criminals in a reformatory (Our Wolverhampton Correspondent writes).

"They were most disturbed and they wanted to go home to their mother," he said. "Children had been in party care and if either parent wanted them back, prov. conditions were had to be met by the department."

Chemists seek more cash

Chemists want the Government to pay them more for well as for dispensing medicines. The Pharmaceutical Services Negotiating Committee decided at its annual conference in London yesterday to press the Government for an extra allowance to cover advice given on minor illnesses.

TUC may expel Equity in ballot cash dispute

By Paul Routledge, Labour Editor

The first breach of the trade unions' boycott of state funds for secret ballots to elect their leaders may bring about the expulsion from the TUC of Equity, the 28,000-member actors' union. Equity has applied to the Government for money available under the Employment Act, 1980, for reimbursement for money spent on postage and stationery in internal elections and policy referendums.

Mr Alan Sapper, chairman of the TUC and general secretary of ACTT, the cine technicians' union, said yesterday that the decision was dangerous and damaging because the labour movement was trying to put on a united front against further union law changes proposed by Mr Norman Tebbit, Secretary of State for Employment.

"I think Equity will have to recognize that they will face being disciplined," he said. "The TUC is expected to confirm soon a hard-line policy stating that affiliates shall not seek or accept public funds for union ballots."

Mr Len Murray, the TUC general secretary, has said that unions breaching the boycott face disciplinary action.

under congress rule 13, which provides for suspension and expulsion.

Equity was banished from the TUC for several years in the early 1970's. Ironically, it was for defying TUC policy on state registration, in order to defend its rigorous closed shop with theatrical and entertainment employers, which would now be extremely difficult to introduce under the new labour reform legislation.

It was one of 20 affiliates expelled at the 1973 congress, but it was allowed back when the Industrial Relations Act, 1971, had been repealed.

The ruling 60-member council of Equity voted by a clear, but not massive, majority to apply to the Certification Officer for reimbursement of £10,000 of money spent last year in the light of a £100,000 loss in 1981, top-level sources state.

But the move was also seen yesterday as a continuation of the long political battle within Equity between moderates such as Mr Nigel Davenport and Mr Marius Goring, and left-wingers, including Trotskyists such as Ms Vanessa Redgrave and her brother, Corin.

INJUSTICE CLAIM OVER LEGAL AID

By Frances Gibb

The Government's policy of cutting criminal legal aid is creating serious injustices and even illegality in some magistrates' courts, the Legal Aid Group of lawyers states.

The group says in its March bulletin, published today, that unpublished orders in the Lord Chancellor's department show one magistrate's court, Waltham Forest, to have increased its rate of refusing legal aid by 40 per cent over three months.

In one case a married couple living on an approved benefit had to represent themselves after being refused legal aid three times, the bulletin says.

This latest disclosure coincides with a letter from Lord Hailsham of St Marylebone, the Lord Chancellor, which he concedes that disparities between courts in refusing legal aid, highlighted in the group's February bulletin, are "striking".

In a letter to Mr Ole Hansen, codirector of LAG, he says officials of the Lord Chancellor's department will conduct a survey later this year to determine why the disparities exist. Mr Hansen said yesterday: "We are worried that this is just a move to allay public concern."

The group is pressing for an amendment to the Legal Aid Bill now going through Parliament, which would give defendants a statutory right of appeal against a refusal of legal aid.

"Either courts are wrongly refusing legal aid on a large scale, or the law is being applied in a way which is only happening in a few courts, in which case it will not cost very much but will remove serious individual anomalies," he said.

According to the group's bulletin, Government figures show that between March and June, 1981, Waltham Forest magistrates increased the percentage of legal aid refusals from 5 to 23 per cent. By the end of the year they were running at 23.6 per cent. The rise in refusals, it says, coincides with a circular from the Lord Chancellor's Department asking courts to tighten up on permitting legal aid.

Print talks fail

Negotiations for a new national agreement between the Newspaper Society and the printing unions have broken down. The society had offered an increase of 8 per cent, amounting to £5.50 a week on basic rates and the unions had claimed up to £11 a week.

Catering staff to join porters' strike at Bart's

By a staff reporter

A strike by porters at St Bartholomew's Hospital, in Smithfield, London, was intensified over the weekend and today members of the National Union of Public Employees on the catering staff are to join their union colleagues on the picket line.

A picket by porters at the hospital was prepared to turn away ambulances, but yesterday no ambulances presented themselves. A patient needing transfer to another hospital had to travel by taxi.

The porters, all of whom work shifts providing 24-hour cover, are in dispute over new work rosters which were due to be implemented last Monday.

Mr Anthony Mowan, the hospital administrator, said that about twenty-five shift porters had gone on strike, but six had agreed to work the new arrangements. Despite almost two years of negotiations, the management could not agree new rosters with the porters, he said.

Mr Dennis Renton, a spokesman for the striking porters, said: "Our intention is not to endanger life."

Mr Renton, who has worked as a shift porter at the hospital for 14 years, said the hospital management had tried to alter their hours against the wishes of the shift porters. "We asked to go through the national dispute procedure, which means going to an independent tribunal. This was first agreed by the hospital and then rejected."

Mr Mowan is to meet the shop stewards concerned today.

90% for lead-free petrol

By a staff reporter

Overwhelming public support for a ban on lead in petrol even if it means higher petrol prices is indicated by a MORI opinion poll published yesterday. The poll, conducted for CLEAR, the campaign for lead-free air, shows that nine out of 10 people in Britain believe lead in petrol is a health hazard and want it banned.

Dr Robin Russell Jones, deputy chairman of the campaign, said yesterday that the results demolished one of the last remaining arguments used by the Government against a ban, that motorists would not be prepared to pay the extra cost, he said.

The poll, which disclosed that only 6 per cent supported the Government's view that a ban was unnecessary, provides ammunition for the campaign. Already since the launch-



NUPE stand: A picket on duty outside St Bartholomew's Hospital

ing of the campaign on January 25 the number of MPs who have signed in its support has risen by 40 to more than 170, of whom about 30 are Conservatives. The Labour Party is committed to phasing out lead in petrol.

Dr Russell Jones said that the campaign's next task was to persuade that body of medical opinion which was still sceptical about its claims although the British Medical Association had said that lead generally was a health hazard and should be eliminated. While there is still opposition there, we have a fight on our hands," he said.

Mr Gwyn Roberts, the Labour MP for Cannock, yesterday tabled Commons questions to Mr David Howell, the Secretary of State for Transport, calling for action.

A fight to the finish in Ireland

From Richard Ford Belfast

The struggle between Ireland's two main political parties for enough independent support to form the next government is likely to continue until shortly before the Dail votes at Leinster House tomorrow.

A series of crucial meetings will be held in Dublin today to determine whether Dr Garret FitzGerald, the outgoing Prime Minister, or Mr Charles Haughey, the Opposition leader, will form the republic's next minority government.

Mr Haughey, leader of Fianna Fail, with 81 deputies, needs the support of two independents to secure a majority. Mr Neill Blaney, a former Fianna Fail member, is almost certain to vote for his old colleague, so Mr Haughey has been concentrating his efforts on Mr Tony Gregory, Independent Community MP for Dublin Central.

Dr FitzGerald, with 63 Fine Gael deputies, needs the support of the Labour Party and the five left-wing independents. He is understood to have offered changes in his budget strategy, omitting the measures which removed subsidies on milk and butter and put VAT on clothing and footwear.

The Labour Party's parliamentary party and its administrative council meet tonight to decide whether to form another coalition with Fine Gael.

The seven sought-after independents are: Mr Kenneth Gallagher, aged 45, socialist MP for Limerick East, a former stonemason. He was a Labour party member from 1963 to 1972, and founded the Limerick socialist newspaper. He won the seat in 1973.

Mr Joe Sherlock, aged 48, SFWP MP for Cork East. He won the seat in 1981 after contesting it since 1973. Married with three children, he left school at 14 and is a former official of the Irish Transport and General Workers Union.

Proinsias de Rossa, aged 42, SFWP MP for Dublin North West, joined old Sinn Fein party and was interned between 1957 and 1959.

Patrick Galvin, aged 36, SFWP MP for Waterford, the seat he took from the chairman of Fianna Fail. Married with two children, he is a newspaper proof reader. He has been a member of Waterford Corporation since 1974 and won his parliamentary seat at the third attempt.

Mr Tony Gregory, aged 34, Independent Community MP for Dublin Central, a history and French teacher at University College, Dublin. As a former member of Official Sinn Fein, he helped the late Seamus Costello in campaigns. He is a Dublin city councillor and supported the H-bomb hunger strikers.

Mr Neill Blaney, aged 59, Independent Fianna Fail MP for Donegal North East, and a member of the European Parliament. He was expelled from Fianna Fail in 1971 after serving in Mr Jack Lynch's government, from which he was dismissed, with Mr Haughey, in 1970.

Dr John O'Connell, the Speaker, aged 52, Independent MP for Dublin South Central, who was a Labour Party member from 1965 until his expulsion in 1981. A friend of Mr Haughey.

Tuite charged with causing explosions

Gerard Tuite, who has been sought by Scotland Yard for the last 15 months, made legal history on Saturday when he was charged in Dublin with crimes allegedly committed in Britain (Our Dublin Correspondent writes).

Mr Tuite was charged in Dublin's Special Criminal Court with causing explosions in England and with possessing explosive substances with intent to endanger life or cause serious injury to property in England in 1978 and 1979.

Caravan school for two after caning

By Craig Seton

Two Cornish children are receiving lessons in a caravan at the home of a teacher after their parents withdrew them from the local primary school over allegations that the headmaster caned pupils for trivial offences.

The mother of Hannah Wadge, aged 11, alleged yesterday that her daughter had been caned for whispering in class at the Althurn Primary School, near Launceston, even though Mr Steven Griffiths, the headmaster, had been told that she was an epileptic.

Cornwall County Council has referred the allegation of excessive caning to an education subcommittee for investigation. Mr Norman Barr, the deputy chief education officer, said yesterday that the school's governors had twice considered the matter but had reported that they were satisfied with the way the school was run. Other parents have expressed their support for Mr Griffiths.

The Society of Teachers Opposed to Physical Punishment (STOPP) has published a highly critical report on Mr Griffiths' methods and has asked Sir Keith Joseph, the Secretary of State for Education, to order an inquiry into the running of the school, which has 80 pupils.

Hannah Wadge and another former pupil, Jayne Burford, aged nine, a farmer's daughter, are now being taught at home by Mrs Christine Herries, aged 35, who was a teacher at the school on a temporary contract. She said her contract was not renewed by the education authority after she had supported her allegations against Mr Griffiths.

Mrs Herries who is not

charging for the education of the two children in a caravan in the garden of her remote bungalow on the edge of Bodmin Moor, says that the parents of another half-dozen pupils are considering removing their children from the school and letting her educate them.

She said 32 parents had signed a letter asking for Mr Griffiths to be removed, but without success. The two children she was teaching came to her five days a week, she said.

Mrs Wadge said: "I wish I had moved Hannah a long time ago. She used to make up excuses so that she did not have to go to school but now she is a happy child, no longer frightened, and is happy to learn."

Mr Griffiths, the head at Althurn for 14 years, refused to comment and referred calls to the education authority.

Educationists opposed to corporal punishment are urging Sir Keith Joseph to bring forward emergency legislation outlawing the cane and tawse (a Staff Reporter writes).

STOPP in a letter to Sir Keith published today asked him to take action before other parents follow the example of the mother who recently won damages from the Government in a case in the European Court of Human Rights.

Mr Rhodes Boyson, Under-Secretary of State for Education, had supported STOPP while being the minister responsible for circulating local education authorities on such matters.

At least 56 crimes an hour in London

By Stewart Tendler, Crime Reporter

A pattern of rising crime on the streets of London is expected to be unveiled this week when the Metropolitan Police release serious crime figures for last year. Returns for the first nine months already indicate rises in most categories of crime.

The total number of serious crimes recorded in 1980 was 584,137, while the figure for the first nine months of 1981 was 459,274. That means that between January and September last year, each hour of the day there were 22 crimes involving cars, 16 burglaries, 15 thefts, at least two incidents of robbery and violent theft such as mugging, and 1.8 assaults.

The likely increase in the squad, 300 officers now stationed to guard Parliament and other demands in the policing of Britain's capital city.

In the first nine months of last year, assault cases totalled 12,320, compared with a 1980 total of 16,139, including homicide. Cases of robbery and violent theft came to 13,519 between January and September, against 13,984 for the previous year.

The figures include mugging, and 1 district, which covers Brixton, accounted for 1,772 cases of robbery and violent theft in the first nine months, giving the district the highest figures in London.

Senior officers have argued that the police are stretched in fighting street crime in London as well as maintaining specialist duties such as the diplomatic patrol group, the anti-terrorist

about the evolution of the solar system and its planets. In particular, these predictions are expected to increase understanding of the origins of comets and asteroids. These are formed in different parts of the solar system, and it is assumed that they are composed of different materials.

By knowledge of the processes that might have formed these objects, it is still rudimentary and analyses of comets' low density material will always be deficient if studies rely on Earth-based work.

The MFE is constructed of aluminium foil sheets bonded by a plastic film. They are exposed to space during flight and examined after landing. Very light particles cannot penetrate the foil, but will form a hypervelocity impact crater on the surface.

The experiment depends on a novel way of examining the tiny particles of dust, or micrometeorites, encountered in orbit. The procedure has been developed by a group led by Dr James McDonnell, a physicist, who began his research career in space sciences and astronomy at the Jodrell Bank radio telescope observatory of Manchester University.

The investigation is known formally as the microbebris experiment, MFE. Measurements of the numbers, chemistry and density of tiny dust particles, which yield important information

Science report Beetle may be fire raiser in forests

By Hugh Clayton

Research into forest fires shows that it takes more than a hot, dry summer or a lit cigarette end to explain their spread. The mountain pine beetle, which spreads fungus to trees while its grubs burrow into the bark, may be partly to blame; it settles on trees too old to produce the resin that inhibits the spread of beetle and fungus.

In suitable conditions an epidemic of beetles can produce a litter of broken twigs and bark on the ground. Such litter provides excellent fuel for fires, which are more likely to damage old trees than the younger specimens producing the resin.

"In regions where pine depends on fire for natural regeneration, biological mechanisms exist which will ensure that this will occur," Mr E. D. Ford, a research worker at the Institute of Terrestrial Ecology, Penicuik, Lothian, writes in *Scottish Forestry*. He believes that the destruction of large areas of forest by wind and fire is not "the result of a single destructive agent in isolation."

He believes that the growth in vulnerability of large groups of trees old planted at the same time will need to be studied by forest managers.

The growing dependency of industry on timber from densely packed plantations rather than wild forest has stimulated research into the threat from wind and fire to forest areas in which the trees are all of the same type and age.

Mr Ford suggests that efforts to make sitka spruce in Britain less likely to be blown down in high winds may have made the trees more vulnerable. Artificial drainage has been applied to upland soils to prevent a cycle of winter waterlogging and summer droughts, which make the tree roots die back.

There is evidence that the deeply ploughed furrows used on some soils to help drainage may prevent the roots from spreading. "The cause of the catastrophe is not straightforward," Mr Ford writes. "The attempt to modify one contributing cause, that of waterlogging, through intensive drainage has introduced a new problem of restricted root spread."

Scottish Forestry, vol. 36, no. 1 (Royal Scottish Forestry Society, 18 Abercromby Place, Edinburgh, EH3 6LB 5S).

Seven helpers hurt

Seven people were seriously injured yesterday when they were struck by a car while pushing a broken-down van in heavy rain at Kidlington, Oxfordshire.

Space shuttle to keep Kent comet research

By Pearce Wright, Science Editor

The American space shuttle Columbia will carry equipment for basic scientific research in orbit for the first time on its third test flight, due to begin on March 22. The payload of nine experiments includes a project designed at Kent University, Canterbury.

The flight is being called the Pathfinder Mission because it will test the shuttle's usefulness for fundamental science.

Kent University's contribution is the testing of a new method of analysing cosmic dust to improve understanding of the development of the solar system.

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Witch-hunt fear at Amnesty

By a staff reporter

Members of the medical profession, concerned about the circumstances of the resignation of Mr Jeremy Thorpe as director of the British section of Amnesty International, are waiting to see what happens next before they commit themselves to further support.

The section's medical group yesterday supported Mr James Nichol, London regional representative, who resigned on Friday, saying, "I do not believe that I have fully understood all that has happened or that has failed to happen."

They fear that any further witch-hunting may damage Amnesty's reputation irreparably in Britain.

The group has about 300 members in this country, as well as claiming considerable support abroad, and Miss Elizabeth Gordon, a consultant surgeon and chairman of the group, fears that the support of the medical profession will wane.

She was referring to a report that a council member, Mr Sayeed Shah, was seeking support for an emergency meeting next Saturday to press for the resignation of Mr Roger Briottet, the section's chairman.

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dedication and duty: Mr and Mrs Roy Jenkins with Dr David Owen (left) and Mr William Rodgers outside the SDP's Hillhead HQ

The Jenkins coffee morning shuttle

From Jonathan Wills, Glasgow

"I was paying membership dues to be humiliated by a young, wet-behind-the-ears left-winger", the SDP helper with the felt-tip pens and the street map of Glasgow said. Similar sentiments can be heard from many other Labour Party defectors wearing out shoe leather on Mr Roy Jenkins's campaign.

The organization is impressive, despite an unimpressive headquarters. The building is a vandalized former school boarded up in a derelict street that looks like East Berlin a week or two after the Red Army arrived in 1945.

True to the spirit of community politics, leaflets are sent out by hand; the alliance has not used the free post available for its election address. The former Labour man says: "Freepost just means you have to spend all that money on envelopes. There is no propaganda value

in an envelope, it just goes in the bin". So up to 50 volunteers a night have been door-stepping and distributing leaflets. Mr Jenkins has been up and down the pink sandstone staircases of the constituency's endless streets of substantial Victorian tenements. He caught a nasty cough in the chilly February wind, but it has not stopped him working 12 hours a day. "I do wish the advance passenger trains would come back", he says nervously on arrival at Glasgow airport, as the London shuttle goes into reverse thrust.

The poll seems to suggest that his campaign could suffer from reverse thrust too. Mr Jenkins does not agree. He also dismisses Conservative claims that his campaign may be in danger of overspending, and he says the Scottish nationalists may have wasted their "carpet-bagger" ammunition, al-

though the "outsider" label troubles him. Above all, Mr Jenkins is delighted with the local Liberals. "Given that they had to make the sacrifice of standing down, they have reacted in a real alliance spirit". The SNP will make much of Mr Jenkins's support for Nato and the EEC, and local issues such as education and unemployment are likely to matter most. Speaking at Glasgow University, he condemned the cuts in university spending as foolish and perverse and said that falling school rolls should be taken advantage of to maintain or even improve educational standards, within overall economies. He was against assisted places in private schools but defended private education, while saying most pupils were in public sector schools and that was where the real debate was.

He projects himself as a pleasant, sensible man who looks at each issue on its merits, searching for the middle way between "arid monetarism" and "unfettered industrial muscle". He speaks at coffee mornings and house meetings to groups of 20 or 30 people.

On public platforms well prepared speeches are delivered with monotonous, misplaced emphasis every three or four seconds giving an effect rather like Mr Michael Foot when heard through a defective public address system.

The polls show Mr Jenkins neck and neck with the Tory and Labour candidates. Is he optimistic? "I never predict the results of elections", he says.

General election: T. G. D. Calbraith (C) 12,358, R. A. Mowbray (Lab) 10,356, M. Harris (L) 4,246, C. Borthwick (Scots Nat) 3,050. Conservative majority: 2,002.

A cream known as Furacin ointment is being sold without a safety warning in Britain for the treatment of burns, although it was reported last April that it might be implicated in the deaths of severely burnt patients in the United States.

In the March edition of the Monthly Index of Medical Specialities (Mims), the doctors' guide book to pharmaceutical drugs, the ointment is recommended for use against bacterial infections in wounds, burns, ulcers and skin graft donors, with instructions for its use. There is no note of caution.

Serious kidney complications contributing to the deaths of patients may have been caused by its use in the Burns Unit of Virginia University, Dr Benjamin Scull, Professor of Pathology in the university, told the International Congress of Pathologists in Boston recently.

Furacin dressing, introduced in 1946, consists of 99.8 per cent polyethylene glycol as a base and 0.2 per cent nitrofurazone, an antimicrobial. The polyethylene glycol is a highly soluble alcohol. Furacin is marketed in Britain by Eaton Laboratories, a subsidiary of Norwich Eaton Pharmaceuticals, and American company.

The American research workers reported their findings to the Food and Drug Administration in April 1981. In October, as a result of that report and additional animal studies carried out by Norwich Eaton Pharmaceuticals, the manufacturers volunteered to include the following warning in each pack: "Furacin dressing should not be used in cases with known or suspected renal impairment. The polyethylene glycol in the base polyethylene glycol in the base polyethylene glycol may be absorbed through the skin and may not be excreted normally by the compromised patient. This may lead to symptoms of progressive renal impairment, such as increased BUN and metabolic acidosis."

Compared with the United States sales in Britain are low. Most larger burns units prefer other dressings, often these with an antibiotic impregnated gauze. Eaton Laboratories' figures show that 14,000 small tubes, for use on minor injuries, are sold annually.

Animal tests have shown that polyethylene glycol can be absorbed through denuded skin. Norwich Eaton have said that clinical data on humans collected by their laboratories over the last decade showed no similar findings, however.

Although Eaton Laboratories said they planned to issue a warning to doctors in Britain by inserting it into the packages, the Department of Health and Social Security said that there had been no communication about that warning before last Wednesday.

In the latest talks with Orion Sir Freddie has included proposals for several types of new airline ranging from the charter operation to keeping the transatlantic Skytrain routes which linked Gatwick and Manchester airports with New York, Los Angeles and Florida.

It is much too soon to say whether anything will come of the discussions, he said. It was Orion which, within two days of the Laker empire collapse on February 5, first attempted a rescue operation.

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Communists try to bring down Lisbon Coalition

From Richard Wigg, Madrid, March 7

In spite of having defeated a censure motion in Parliament, Portugal's Coalition Government this weekend had to withstand more communist organized protests intended to bring it down.

The Portuguese bishop's conference, in a pastoral letter read out today, told workers that the strike weapon could not be regarded as "a sovereign right". Coming to the aid of the Government of Senhor Francisco Pinto Balsemão, the church leaders condemned the politically inspired wave of strikes organized in recent weeks by the communist-led General Confederation of Labour.

A hundred and thirty MPs belonging to the Democratic Alliance coalition voted on Friday against a Socialist no confidence motion which mustered only 116 votes. The vote underlined the Prime Minister's claim that his right of centre Government represents the only force capable of offering the country stability.

But this did not prevent thousands of workers from marching through Lisbon and Oporto yesterday while their leaders called for the Government's resignation. The marches coincided with the sixty-first birthday of Dr Alvaro Cunhal, the Communist Party leader.

The Communists can obtain support from the working class easily enough for demands to end the Government's 17 per cent statutory ceiling on wage increases. But the Communists' offensive, which began on a national scale with the February 12 general strike, is really intended to prevent the proclamation of a reformed

constitution by April 25, the eighth anniversary of the armed forces' revolution.

Dr Mario Soares, the Socialist leader, speaking in the debate on his party's censure motion, condemned the Communist tactics as a blind alley. But he expressed unease that Portugal's mounting economic difficulties and the resulting social frustration might lead to a breakdown of democratic institutions.

The Prime Minister's victory in the parliamentary vote masks discontent with his leadership felt by more right-wing figures in the coalition.

Meanwhile, the Cabinet has threatened to take 300 River Tagus pilots, who struck for three days last week, to court if they go ahead with their threat to start an indefinite strike on Tuesday.

Union is blamed for civil servant's suicide

From Charles Hargrove, Paris, March 7

The suicide last Thursday of M. René Lucet, the managing director of the National Health Fund of the Bouches du Rhône department, the largest in the country, has blown up into a serious political controversy.

Moderate trade unions and the opposition say he was hounded to death by the vindictiveness of the CGT union organization and its parent Communist Party, on whom he had declared war within his administration.

They also claim that Mme Nicole Questiaux, the Minister for National Solidarity, gave in to their pressure for his removal, on the grounds of financial irregularities in the management of the fund.

There have been calls for her resignation, for a government statement on the affair, and for an investigation by the Senate.

It is not known why M. Lucet, who was 38, shot himself. He was, by all accounts, a controversial personality.

The minister had suspended him eight days before on grounds of the irregularities described as incompatible with his position in the public service and of his aggressively Gaullist, anti-Communist stand. Young, brilliant, and forthright, he was appointed by the previous government to make up the Bouches du Rhône Questiaux.

He told an international food and wine festival at St Andrews, Fifa, that for centuries Scots had believed they were fighting the English, but most of the time they were fighting themselves and indulging in "collective head-banging in mutual self-criticism."

Mr Devereux said: "Incoming visitors are surprised not to find Colonel McSaunders Haggis Carryouts on every street corner. The product is right, but the marketing is wrong."

Investing in tourism, page 13

Threat to block Pope's route

Militant Protestants in Liverpool are demanding that Pope John Paul's British tour in May should be cancelled and are planning a protest campaign.

The city's Orange Lodge says it will block roads to prevent the Pope reaching the city's Anglican cathedral.

Members are angry about the proposed service there because they are barred from visiting the cathedral.

By-pass route 'a shocker'

A proposed road to by-pass Brighton, which would run through the South Downs is an environmental shocker, the director of the Council for the Protection of Rural England says today.

The by-pass, planned by the Department of Transport, revealed a sorry lack of long-term planning and is a nightmare to everybody concerned with the protection of the downs, Mr Robin Grove-White says.

A public inquiry is to be held in Brighton tomorrow.

Two die in disco

Two teenagers died and a third was seriously injured in a fire at a private disco party on the upper floor of a furniture restoring factory in Tower Street, Rye, East Sussex, on Saturday night.

Between twenty and thirty youngsters were at the party and firemen were on the scene for four hours.

Three die in crash

Two brothers and a sister died when their car went out of control and crashed on the M8 motorway near Glasgow airport yesterday.

Von Bulow shows strain of trial

From Adam Edwards, Newport, Rhode Island, March 7

His Savile Row suit is still intact, but Claus von Bulow's face is beginning to show the strain of the trial that has stripped his family of all the trappings of privacy.

For 40 days the former London barrister has sat silently next to his expensive lawyers, chain smoking during recesses, as the state of Rhode Island attempts to prove he tried to kill his extremely wealthy wife Martha "Sunny" von Bulow with insulin injections. He, without testifying, has tried to show reasonable doubt in that argument.

The defence case concluded on Friday, a tight, neatly oiled defence, that gave the local jury an insight into the high society in this Atlantic resort.

The local newspapers described Mrs John Nicholas Brown, aged 76, as the grande dame of Rhode Island. In chiffon and a classic blue suit she handed her handbag to John Sheehan, the defence lawyer, before marching to the witness stand to help her good friend Claus von Bulow. The Pope could not have been a better character witness in this predominantly Irish Catholic town.

One of the world's leading financiers, Mr Mark Millard, and one of the country's best known art dealers, Mr Eugene Thaw, testified that Mr von Bulow did not need his wife's riches which, in her irreversible coma that he is accused of causing, she will never again enjoy.

A former ballerina and private dance teacher to Mrs von Bulow, Joy O'Neill, told the court how her pupil planned to inject herself with insulin. A psychiatrist said Mrs von Bulow told him she wished she was dead.

At 6 am the first spectators begin a chilly queue for their place in the small court. Two peroxide blondes in matching minis dressed and made up for the television camera, are regulars. So is a woman who was rejected as a juror.

Pope for Fatima

Rome. — The Pope will visit Portugal for three days in May, during which he will pray at the shrine of Fatima on May 13, the first anniversary of the attempt on his life.



TRY TELLING HIM BRITAIN CAN AFFORD TO LOSE A £1-BILLION EXPORT MARKET.

Exports mean jobs. And one of the biggest customers for British exports is South Africa which buys 'Made in Britain' to the tune of £1-billion each year.

In addition, Britain benefits from about £15-billion of invisible earnings from the Republic.

All this is possible because South Africa has a stable economy and is committed to a policy of prosperity for all.

For example, within 3 years Black consumer spending will outstrip that of the White community. This means the outlook for exports of

British products is even more promising. So who stands to gain if those people who want to create instability in South Africa have their way? Not South Africans (Black or White) who enjoy an ever-rising standard of living.

Certainly not the British who would lose a vital overseas market, especially during a major world recession.

The winners would be those dedicated political extremists who well understand that their cause advances through the instability they deliberately foment.

South Africa

Further information can be obtained from The Director of Information, South African Embassy, South Africa House, London WC2N 5DP.

Poles fear Church will be next in firing line

From Roger Boyes, Warsaw, March 7

Poland's Roman Catholic Church is frightened that the martial law authorities are planning a full scale attack on it, a fear that is reinforced by the sentencing and investigation of two priests in the past few days.

Archbishop Jozef Glemp, the primate, seeking a meeting with General Wojciech Jaruzelski, Prime Minister and party leader, to diffuse the tension and to consider ways in which a compromise can be found on the formation of a new union movement.

The Government has renewed talks with Mr Lech Walesa, the interned Solidarity leader, and with medium-level Solidarity activists. Mr Mieczyslaw Rakowski, the Deputy Prime Minister is due to hold talks with Mr Walesa this week after returning from Havana and according to well informed sources, has already had one round of discussions with him.

Church sources in Cracow see two main threats to the Church position: first, the Government is trying to drive a wedge between priests and the underground movement; second, hardliners in regional party headquarters are trying to establish a strong influence in the educational system.

The first threat has led to speculation about black lists of priests to be arrested at some future date. At least one senior churchman has been named in the *Times* last week that this list existed, though it was uncertain whether the arrests would be carried out.

The arrest and sentencing of one priest from Koszalin for slandering General Jaruzelski in a sermon is the most concrete sign of an imminent

crackdown, for it shows there is no immunity for words expressed in church. A military court sentenced him to three and a half years, and senior clergy met government officials at the weekend to discuss the implications of the sentence. Another priest is said by the Government to have hidden the gun that killed a militia sergeant in a tram in Warsaw recently.

The Church is anxious not to make these cases a cause célèbre. Archbishop Glemp was expected to play it down in a sermon today. Sharp Church criticism of the sentencing might provoke a full propaganda blast from the Government and encourage local party zealots to attack the clergy. The Primate has consistently warned priests not to become involved in underground activities.

The focus of church activity in the provinces has been to intervene directly to help internees and their relatives, a vital function that could be banned by martial law authorities should they unleash an anti-church campaign.

Cardinal Franciszek Macharski of Cracow 10 days ago established a committee for the help of internees which, using voluntary donations and Western assistance, provides legal aid for those arrested, bail for political prisoners and provides for the relatives of those who have been dismissed Solidarity members.

This has been tolerated so far — Cardinal Macharski is said to have been assured by General Jaruzelski that nothing would happen — but party zealots in Katowice near by have been ripping

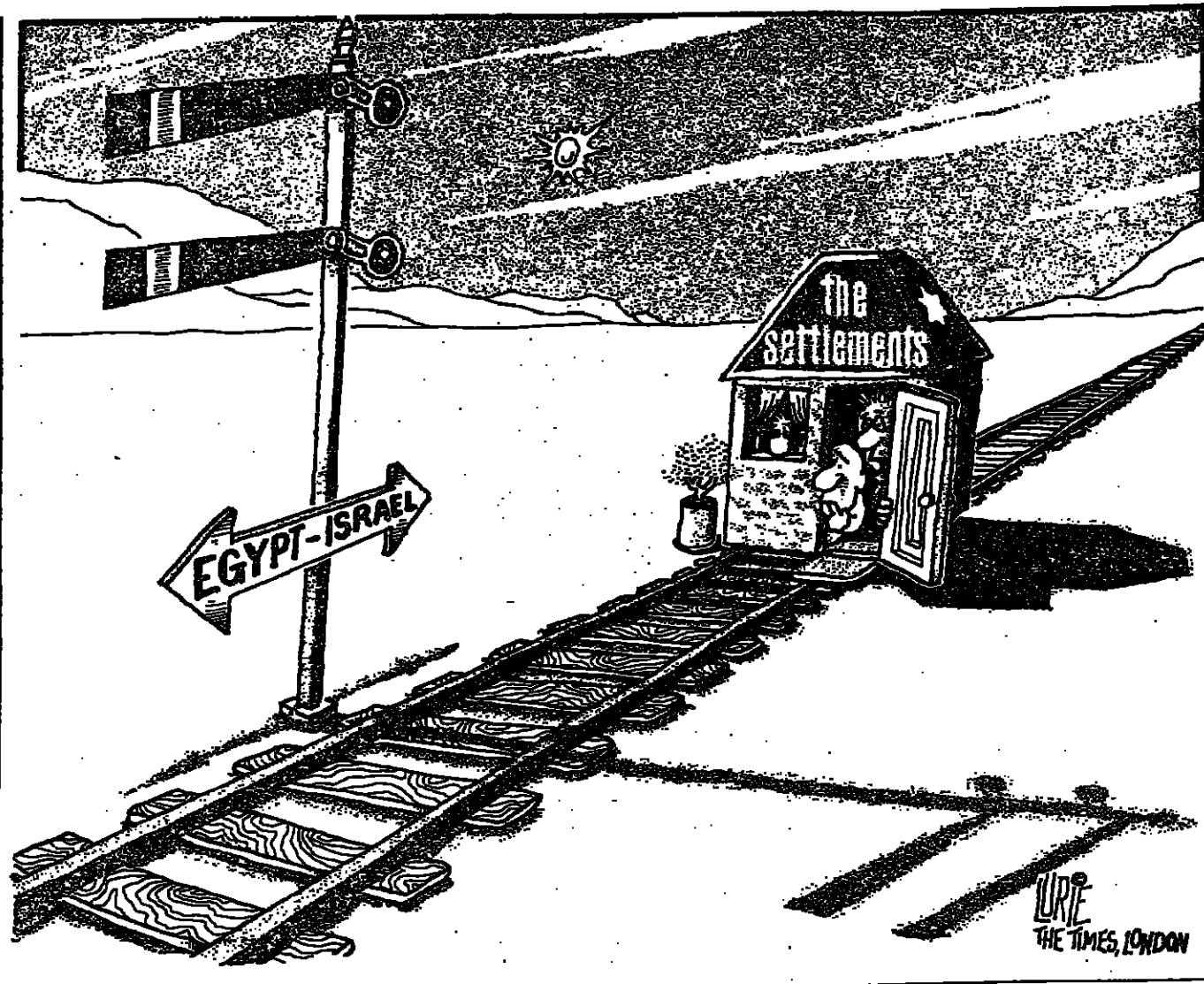
down crucifixes from schools and factories and sharply criticizing priests.

A course in Christian religion at the University of Slaski, Near Katowice, has been closed and the 125 students — it was one of the most popular courses — forced to change their studies. The rector and rectors of the university, who allowed the course to come into being, have been interned and replaced by party members.

Between 12 and 20 priests have been interned during martial law, although most of them were released — after intervention by local bishops — within days of weeks. In the Cracow and Katowice areas two priests were interned: the Dominican monk, Father Jan Kloczowski, and Father Stanislaw Gebus of Czeszow.

Fears of a crackdown have cast shadows over two events of great symbolic importance. First, it is now possible that the Pope will postpone this visit to Poland, scheduled for August. The new possible date is in October, to mark the canonization of a Pole who displayed particular courage in the concentration camps.

The second is the christening of Mr Walesa's child, Marie Victoria, originally due to be held today in Gdansk. Mrs Danuta Walesa, contracted from Warsaw, now says that the ceremony may take place on March 21. Mr Walesa's priest, Father Henryk Jankowski is even vaguer saying that it will only take place when the Government is prepared temporarily to release Mr Walesa to attend the ceremony.



Nazi image knocked for sechs

From Patricia Clough, Bonn, March 7

Fears that the never-ending stream of war films, books and comics is perpetuating anti-German feeling in Britain have been allayed by a survey conducted by the West German Embassy in London.

It showed that only 12 per cent of young Britons imagined Germans were really like the sadistic SS, the evil Nazis, dimwitted camp guards or brutal soldiers of the war films. The survey, conducted by the Mori opinion research firm, was of 500 young people aged between 15 and 20. Seventy-four per cent rejected the suggestion that war films showed Germans as they really were. Another 45 per cent denied that their age-group was influenced by reminders of the war although 39 per cent did agree. Almost half thought that young Germans had very different attitudes from their parents and another 41 per cent thought too many war films were being shown on television.

Their view of Germans was far more strongly influenced by television news and documentaries about modern Germany and by what they learnt in school than by war stories.

A large majority — 64 per cent — said they had friendly feelings towards West Germans and only 8 per cent felt ill-disposed to them. Of the latter, two thirds cited supposed faults of present-day Germans: arrogance, rudeness or unfriendliness.

President Mitterrand's unprecedented state visit to Israel was greeted with something less than enthusiasm by Arab leaders. They have variously interpreted the French leader's trip as a demonstration of support for Israeli policies, and as a calculated insult to the Arab cause in the Middle East.

The Syrian press claimed that the President's visit heralded "a new era of negative relations with the Arabs", and amounted to French approval of Israel's annexation of Golan.

In Kuwait, the state-run newspaper *Al Qabas* announced that M Mitterrand had chosen to be "an enemy of the Arabs", and that his visit would "wipe out the fruits of the 25-year friendship between France and the Arabs".

These angry views, however, reflected irritation rather than fury on the part of Arab states, which have usually valued French mediation in the region, and which — especially in Syria's case — have strong Franco-ophile sentiments.

In Jordan, and in most of the Gulf countries, Arab leaders preferred to remain silent. They are presumably anxious to discover just what leverage Mitterrand's visit may have obtained over the Palestinian question.

The Palestine Liberation Organization adopted the same public attitude towards M Mitterrand's visit as it once did towards Egypt's rapprochement with Israel: it

Arabs temper criticism of Mitterrand's Israel trip

From Robert Fisk, Beirut, March 7

accused the French of being subservient to United States policies in the Middle East.

A PLO spokesman said that France had now "cancelled its claim of being a mediator in the Arab-Israeli conflict". President Mitterrand was "falling in step with the United States". Mr Farouk Kaddoumi, the head of the PLO's Political Department, suggested that, if the French really wished to improve Franco-Arab relations, they should invite Mr Yasser Arafat, the PLO Chairman, for an official visit to Paris.

In Kuwait, which traditionally adopts a vocal, if rather too fashionable, anti-Western attitude, was Arab opinion expressed in an immoderate manner. *Al Qabas* urged other Arab states to take "concerted action" against French interests in the Gulf.

By contrast, the Saudis gave their cautious approval to President Mitterrand's visit "if it leads to a just and brave European stand" on the Arab-Israeli conflict.

Saudi Arabian state radio observed that M Mitterrand had outdone Mr Valéry Giscard d'Estaing in his support for the Palestinian cause. "If the positive interpretation given to Mitterrand's trip is authentic," the radio said, "and if this leads to new and courageous European action, then the Arabs — all the Arabs — would welcome his visit to Israel".

If there appears to be confusion among the Arabs

about the real motives for the French visit to Israel, this only emphasizes Arab frustration at what they regard as European political weakness in the Middle East.

Many Arab leaders feel that the EEC's Venice Declaration, which called for the PLO to be associated with the Middle East peace process, has been largely disregarded by the Europeans, and that the initiative once proposed by Lord Carrington as EEC President has now been quietly forgotten.

Paris's own President Mitterrand's visit coincides with that of French political circles, the press, and the man in the street, save where they are blinded by passion and prejudice — (Charles Hargrove writes). It is the fact that it took place at all, and that he said the same things, clearly and simply, in Jerusalem as in Riyadh that is new and important.

The President is convinced that the effect of the three days he spent in Israel will be perceptible there and in the Arab states only in the medium and long term.

Inevitably he did not go as far as the Arabs and the PLO would have wished, and he went further than the Israelis liked. He thus deliberately ran the risk of displeasing both. But the feeling in Paris is that it would be a gross exaggeration to claim that the French Government has aligned itself with Israel.

Haig stays his hand on Mexican initiative

From Nicholas Ashford, Washington, March 7

The United States and Mexico are in agreement about the urgency of the need to find a solution to the conflict in El Salvador; but they disagree over the issue of Nicaraguan aid to the El Salvador insurgents.

This was established in two and a half hours of talks in New York yesterday between Mr Alexander Haig, the Secretary of State, and Mr Jorge Castaneda, the Mexican Foreign Minister. The two men are to have a further meeting in a week.

Most of the meeting was devoted to the question of the Central American peace initiative which President Jose Lopez Portillo of Mexico announced last month but which so far has been largely ignored by the United States.

Mr Haig said after yesterday's talks that he had not rejected anything out of hand, which was taken as a sign that the Reagan Administration (under pressure from Congress and some of its allies) has decided to give serious consideration to the Mexican initiative.

Mr Haig pointed out that the Mexican plan failed to address the "essential and primary elements" of Nicaraguan backing for the left-wing insurgents in El Salvador, and he asked Mr Castaneda to add Nicaraguan non-intervention to the Mexican peace plan.

Mr Castaneda agreed that the question of foreign armaments in El Salvador was important but said it had to be settled in a wider context, in a system of trade-off between the United States and countries such as Cuba and Nicaragua.

The Mexican view is that the civil war in El Salvador is only one element of a general crisis in Central America and cannot be resolved in isolation. Mr Castaneda did not say what American concessions would be expected from such a trade off except that American military restraint and an end to verbal terrorism would be among them.

The main elements of President Lopez Portillo's peace initiative are a negotiated settlement for El Salvador, a non-aggression pact between the United States and Nicaragua, and discussions between the United States and Cuba, Cuba and Nicaragua have welcomed the Mexican plan but the Reagan Administration has been non-committal.

However, the United States has made it clear it is opposed to a negotiated settlement in El Salvador, fearing this would overshadow a left-wing takeover. Instead, the United States is backing the elections which are due to be held on March 28. Mexican officials said they did not expect any significant change in the American position until after these elections.

San Salvador: El Salvador this weekend extended for a further month the United state of emergency (AP and AFP reports).

Meanwhile Salvadorean guerrillas have invited Mr Tip O'Neill, Speaker of the House of Representatives, and other members of Congress to visit rebel-controlled territory.

Guatemalans go to poll

From Paul Ellman, Guatemala City, March 7

In the shadow of increasing political violence, Guatemalans today voted in elections that could either mark a first step towards a peaceful resolution of the country's problems or plunge it into a fresh, and even more profound, crisis.

The elections have been branded a "farce" by guerrillas fighting the present regime and the 48 hours which preceded the vote were marked by a series of guerrilla attacks in the capital and in rural areas.

The guerrillas also pulled off a propaganda coup by securing the publication of their manifesto in all local newspapers as a condition for the release of a kidnapped local journalist.

The manifesto was signed by the Guatemalan Labour party, which is one of four groups in the recently created guerrilla coalition, the Guatemalan National Revolutionary Union (UNRG).

Despite the continuing violence, polling in Guatemala City this morning appeared relatively brisk, although voter turnout in the past traditionally have been below 50 per cent in these capital and below 40 per cent in rural areas.

Apart from choosing among four presidential candidates, voters were also electing a new Congress and mayors of principal towns.

Although Guatemala has a long tradition of electoral fraud, the United States is hoping that today's poll will

appear clean enough to allow President Reagan to present Congress in Washington with a request to resume military and economic aid.

American aid to Guatemala ended in 1977 when the Guatemalan Administration refused to bow to demands by President Carter that it halt violations of human rights. Since then violence has increased sharply, particularly against civilians who have been dying at a rate of almost 250 a month, allegedly at the hands of the Army and of "death squads" which, according to a recent report by Amnesty International, operate out of an annex to the presidential palace.

None of the four candidates seeking office in today's election has offered to negotiate with the guerrillas.

The principal contender is still regarded as General Angel Anibal Guevara, a former Defence Minister who is backed by the Army. However, partly because of United States pressure to give the elections an appearance of fairness, General Guevara's victory is no longer seen as a foregone conclusion. He has vowed that he will simultaneously eradicate the guerrillas.

Rome: The pope today called for an end to fighting in Guatemala and for "a stable and secure peace, in freedom and justice for the advantage of all in that torn country". John Earle writes.

Mills stay shut
Bombay. Textile mills in Bombay remained closed for the fourth day as more than 250,000 workers stayed on strike in support of demands for higher pay, officials said.

Israelis remove farm equipment from Sinai

From Moshe Brilliant, Tel Aviv, March 7

Seven weeks before the deadline for the evacuation of Sinai the Israelis today began removing the infrastructure from the prosperous desert farms they had created during their occupation.

Professor Ranan Weitz, head of the Zionist organizations settlement department, who was put in charge of the operation, said the Israelis will salvage sophisticated electronic equipment, modern packing houses and more than 100 acres of hot houses here valuable crops have been grown for European markets.

Earlier attempts to remove the equipment had been thwarted by militants opposed to the withdrawal who had squatted in farms where the work was to have been done and threatened violent resistance. Mr Ariel Sharon, the Defence Minister, had earlier refused to order troops against the militants but toughened his stand against the squatters last week and on Friday promised more than 10,000 troops full military protection.

Equipment was removed today without opposition from Dikla, the settlement nearest the international border. The teams will go to Talmi Yosef tomorrow and will move steadily deeper into Sinai. The equipment was transferred to new settlements in Negev and the Gaza strip.

The Yamit area in Sinai was relatively relaxed today on the eve of the Purim Feast and it was thought the army will not press in with the campaign to evict trouble-makers until after the holiday.

Five killers await their fate

Cairo, March 7. — President Mubarak, of Egypt, has begun the task of deciding the fate of Anwar Sadat's assassins. After a trial lasting more than three months, a military tribunal yesterday sentenced five defendants to death for their part in the assassination during a military parade last October.

Seventeen others were sent to jail for periods of between five years and life.

President Mubarak, as Supreme Commander of the Armed Forces, now has 30 days in which to ratify the death sentences, commute them or order a retrial.

Egypt's state-supervised press today expressed approval of the sentences, a view which was shared by many Egyptians interviewed in the streets of Cairo. The semi-official newspaper *Al-Ahram* quoted a verse from the Koran reading: "An eye for an eye and a tooth for a tooth and a life for a life".

In a frontpage editorial, newspaper, *Al-Akhbar* said: "October 6 will remain in our history as a day of sadness when a group of terrorists used their bullets in an attempt to impose chaos by toppling the rule of justice". Of the sentences, it said: "We hope that (they) will serve notice on those who may be contemplating other acts of terrorism".

Many Egyptians interviewed by Reuters considered the death sentences fair. "It is up to President Mubarak now to show his people that terrorism is unacceptable in Egypt by approving the sentences," a shopkeeper said.

Those under sentence of death are four members of the "death squad", led by Lieutenant Khaled Ahmed Shawki, which mounted the attack on the president's motorcade. The reviewing stand where President Sadat and seven other people were shot. The fifth, Mr Muhammad Abdel-Salam Farag, was the man who supplied the ammunition.

IRAQ AND US ACCUSED OF SABOTAGE

Damascus, March 7. — President Assad of Syria was carried through the streets of Damascus on the shoulders of his supporters today after a speech in which he accused Iraq and the United States of encouraging murder and sabotage in Syria.

Tens of thousands of Syrians turned out to hear the President speak from the balcony of the capital's guest palace and then marched with him in a procession to the People's Assembly (Parliament).

In his speech celebrating the anniversary of the 1963 revolution which brought the ruling Baath Party to power, President Assad said Iraq had smuggled arms and explosives with help from the American Central Intelligence Agency to the Muslim Brotherhood in the Syrian town of Hama.

The Brotherhood staged a bloody revolt in the town last month.

BAGHDAD PEACE MISSION

Beirut, March 7. — An Islamic peace mission arrived in Baghdad today as part of a new round of diplomatic efforts to try to end the Iran-Iraq war, now in its eighteenth month.

The official Iraqi news agency said the five-member delegation led by President Ahmed Sekou Toure of Guinea was greeted on arrival by President Saddam Hussein of Iraq. The agency said the delegation would have talks with Iraqi officials before returning to Jiddah to report to a peace committee of the 40-member Islamic Conference Organization.

In Riyadh, Crown Prince Fahd held a meeting with Mr Yasser Arafat, chairman of the Palestine Liberation Organization, and one of the nine members of the organization's peace committee, the Saudi press agency reported. — Reuters.



Chinese checker: A Peking policeman stops a young cyclist and fines him one yuan (30 pence) for having no bell on his bicycle.

Hunters begin killing seal pups

Cap-aux-Meules, Quebec, March 7. — Canada's controversial seal pup hunt has begun in the north-west of the Magdalen Islands, with one observer putting the first day's kill at a possible 400 to 600 pups.

Fisheries Department marine biologist, who flew over the herd yesterday, said he estimated that there were 50,000 pups in the very large herd, covering an area 20 miles long and 60 miles wide.

He said he estimated that up to 60 per cent of the cow seals in the herd were pregnant and none of the pups already born was more than four days old. The biologist said the coats are at

their best for commercial fur after the pups are five days old.

The Greenpeace environmental group's ship, Rainbow Warrior, was approaching the seal hunt area to protest against the hunt, which began yesterday, but its progress was slow because of thick ice and high winds.

The hunt is also being observed by representatives of the World Society for Animal Protection from London and Boston. It began officially last week but its start was delayed until yesterday by bad weather, and difficulties in locating a herd.

The Canadian authorities have issued a number of permits allowing some mem-

bers of the protest group on the ice during the kill (Sally Macmillan writes from Charlottetown, Prince Edward Island).

Protest aircraft, however, have been banned from flying below 2,000 ft during the hunt and shipping vessels have been ordered to stop at least half a mile away from the site of the kill — an icebound area about 65 nautical miles north-east of the Quebec-owned Magdalen Islands.

Greenpeace Foundation protesters, however, hope to launch at least one hovercraft on to the ice with the aim of thwarting some of the hunters and as a means of avoiding arrest.

NEWS IN SUMMARY

Nine killed in tanker explosion

New York. — A 44,881-ton oil tanker sank with nine of its 25 American crewmen missing, presumed dead, after an explosion about 750 miles east of Bermuda, United States Coast Guard reported.

The other crew of the United States registered Golden Dolphin, took to lifeboats and were picked up by the Swedish motor vessel Norland. The Golden Dolphin was sailing empty from New Orleans to Port Said, the coast guard said.

The captain, who was not identified, was quoted as saying he believed that the nine missing men were killed by the explosion which was followed by a fire. "Apparently all nine were working in the tanks at the time," the Coast Guard said. The cause of the blast is not yet known.

Smith loses another MP

Salisbury. — An eighth white MP has resigned from Zimbabwe's Republican Front because, he said, there was "something radically wrong" with the party of UDI (Stephen Taylor writes).

Mr Dennis Durr, a former chief whip and Mayor of Salisbury, announcing his decision, said: "I think I can get the ear of Government better by being an Independent than by being a member of the RF." As an Independent with the seven other rebels he would not "ridicule or denigrate the black man, as has been done in parliament by certain RF members".

U2 flies into Mystery cloud

Topeka, Kansas. — An American U2 aircraft made three reconnaissance flights into a mysterious cloud surrounding the earth at an altitude of nearly 50,000ft NASA said.

During its six-hour mission the aircraft gathered particles from the invisible cloud which is believed to be of volcanic origin and to contain nearly a million tons of debris.

NASA said that the cloud was too big to have been kicked up by a nuclear explosion that went undetected by American seismographs. Similar clouds have been seen in the atmosphere five times during the two years after volcanic eruptions, they said, but the origin of this one remained unknown.

Unions pledge by prosecutor

Istanbul. — The trial of 52 leaders of the left-wing confederation of progressive trade unions (Disk) will not endanger workers' rights in Turkey, Colonel Suleyman Takkeci, Istanbul's chief military prosecutor said.

He is presenting the case against the Disk leaders and said that the 52 men on trial for their lives were not charged for their union activities, but for attempting to destroy the state and set up a Marxist-Leninist regime.

Front line steps up ANC support

Maputo. — Six states in southern Africa decided to strengthen coordination of their military and economic policies in order to counter what they describe as "An undeclared war situation" provoked by South Africa.

At the end of a two-day meeting in Maputo, the presidents of Angola, Botswana, Lesotho, Swaziland, and Zambia, and the Prime Minister of Zimbabwe, issued a communiqué which promised increased support for the African National Congress (ANC) of South Africa, so that the nationalist movement could "intensify the armed struggle for the attainment of national independence".

White birth rate falls in S Africa

Johannesburg. — The birthrate of South Africa's white population is falling, mainly because Afrikaners are abandoning the concept of the large family. According to statistics published by the Human Sciences Research Council the white birthrate has dropped from 23.2 per thousand in 1970 to 17 per thousand in 1977.

Karamanlis cuts short Indian visit

Delhi. — President Konstantinos Karamanlis of Greece cut short his visit to Madras and left for Singapore en route to Sydney a day early, reports said. Before his departure, a statement said that Mr Karamanlis had to shorten his visit to India for "strictly technical reasons".

Women gain time

Islamabad. — The Afghan Government granted 18 months' remission to women serving prison terms, Kabul radio, monitored here, said. The decision has been taken on the eve of International Women's Day.



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5 JOHN STREET, IPSWICH, SUFFOLK.

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Director of Personnel,
Hambros Bank Ltd.,
41 Bishopsgate,
London EC2.

January 1st, 1982.

Dear Sir,

I believe I have the qualities required to make a good
merchant banker.

5 JOHN STREET, IPSWICH, SUFFOLK.

Recruitment Manager,
Whitbread & Co. Ltd.,
The Brewery,
Chiswell Street,
London EC1.

February 1st, 1982.

Dear Sir,

I believe I have the qualities required to make a good
product manager.

5 JOHN STREET, IPSWICH, SUFFOLK.

Personnel Director,
Collett, Dickenson, Pearce & Partners Ltd.,
110 Euston Road,
London NW1.

March 1st, 1982.

Dear Sir,

I believe I have the qualities required to make a good
advertising executive.

5 JOHN STREET, IPSWICH, SUFFOLK.

Major John Floyd,
Army Officer Entry,
Lansdowne House,
Berkeley Square,
London W1.

August 1st, 1982.

Dear Sir,

I believe I have the qualities required to make a good
army officer.

One letter we'd rather not get.

We don't expect to be first on everyone's
shopping list.

After all, we're looking for the brightest
young people in the country.

And this puts us in competition with
commerce, industry, the civil service and the
professions.

But please don't write to us as a last resort.
If you do, you're most unlikely to be the man
we want. Because commitment is essential in
an Army Officer.

Indeed, the sooner you apply the better,
because it's going to take us both some time to
be sure that we're suited to each other.

First, you'll need to know what the job
entails. You may well have some preconceptions
which are no longer accurate.

Perhaps your father did National Service;
and, commissioned or not, he may have even
enjoyed it.

But the Army you'll join is very different
from his.

The people in it are all volunteers: well
motivated, intelligent and self-reliant.

To quote German General Gert Schmücke,
recent Deputy Supreme Allied Commander:
"If all the members of NATO could muster the
professionalism, verve and tireless enthusiasm
displayed by the British Army, the citizens of
Free Europe would have little to worry about
in the defence of their countries."

The Army's technology has also taken a
great leap forward. To the extent that a degree
can now be a considerable help.

This year, 40% of our new officers will be
graduates. Some before they join us, others
with the help of Army Cadetships and
Bursaries.

Write to Major John Floyd, Army Officer
Entry, Dept. B 3, Lansdowne House, Berkeley
Square, London W1X 6AA, and he'll tell you
more about the Army, about its many Corps
and Regiments, and about the different types
of Commission.

He'll need to know your date of birth,
your educational qualifications, and why you
want to join us.

Then comes the hard part.

Selected candidates spend three and a
half days at Westbury in Wiltshire with the
Regular Commissions Board.

Here, we judge whether you have the mind,
body and spirit to make a leader.

We'll brief you well beforehand and tell
you how to prepare, because we want you
to pass.

But the standard is necessarily high.
Because when you're commissioned you'll be
responsible for the lives and well-being of
those under your command.

If you fail our interview, there is one
consolation: you'll find the others much easier
to take.



Army Officer

Legal, decent but can he be more truthful?

Budget purdah — the security regime that once a year turns Treasury mandarins into novice Trappists — has special uses for Chancellors. In the weeks before the Budget more people have audiences with Sir Geoffrey Howe than at any other time. At no time, however, do fewer hear him and more misunderstand the lawyer who for seven years has been the front-man for Mrs Thatcher's economic policy.

Since before Christmas Sir Geoffrey has been receiving embassies from beleaguered industrialists and MPs. They come bringing finely wrought offerings from the think-tanks of the CBI and the TUC, predictable platitudes from the boardrooms of brewers. They make impassioned pleas for expansion or back by pie charts of unemployment and squeals for more profits. The Chancellor just sits at the end of the table, twists his fingers where once he would have held a cigarette, and says nothing.

Purdah not only protects Budget secrets, it means that even the most unimpassioned incumbent of No 11 Downing Street can be silently impressive to people to whom he does not want to talk anyway. As one industrialist petitioner put it last week: "It is like appearing before one of the not-so-great Mogul emperors. Because he says so little, everyone goes away feeling he has beaten Howe in the argument. Of course, when the Budget turns out badly we'll probably end up feeling as though we've been stamped upon by the imperial elephant."

That was precisely what happened last year. The lobbyists, the press and sympathetic ministers, thought they had won "a Budget for industry". Instead, there came from the Chancellor's battered bag a £3,000m dose of deflation. To avoid a repeat performance tomorrow, the Prime Minister, two weeks ago, made her now-famous "Ulysses" speech, warning that expectations of the Budget were too high and that her Government would "resist the siren voices".

Whatever Sir Geoffrey's petitioners may like to think, the simple fact is that the Chancellor had already won his big battles on the economy before he met any of them. All that was left to fight were a few skirmishes over marginal land. As a Conservative backbencher put it — somewhat more astutely than the industrialist: "It's only by trying to lobby Sir Geoffrey Howe that you realise why Lady has a vocative of *mensa*: it was just like talking to a table".

There is, however, one important difference between tomorrow's Budget and last year's: tomorrow's is one year nearer to the next election. In that respect the Prime Minister's "Ulysses" speech could turn out to have more than just a short-term impact on the Chancellor's personal fortunes. Having assured herself that the battle over the policy has been won, Mrs Thatcher has decided to enter the growing fray over how that policy should be presented to the electorate.

Is it best to emphasize the Government's courage and constancy, to look backwards to the last manifesto, to mandate the Medium Term Financial Strategy? Should the Chancellor continue to send his Treasury information officers Hoovering Whitehall for every speck of evidence that

we are bottoming out of our recession? Or might it not be better to follow the line of Francis Pym, Lord Railham and many of her own advisers, who warn that thwarted hopes are a greater electoral threat than the recession itself?

Could she not find a new occupant for Number 11, Downing Street who, without worrying the financial markets that there had been a change of policy, might present that policy in a brighter light?

Mrs Thatcher will certainly be cautious of the very idea of a change — not least because she knows that about half the calls for a new Chancellor come from colleagues who are opposed to the policy itself. She knows Sir Geoffrey well. Of all the Cabinet, he is the most doggedly loyal. He has the detailed, backward-looking mind of the successful lawyer that he once was and he is as politically dominated by her as any Chancellor since Anthony Barber, also a lawyer, served Edward Heath.

She is also very fond of him. He shares her own provincial middle-class background and indeed has stayed somewhat closer to the world of Port Talbot than she has to Grantham. His family — as all profiles will tell you in almost

the same words — has a tradition of liberal politics and his grandfather was a pioneer of the tinplate workers' union. He also shares her stubbornness, her dedication, her capacity for hard work and lack of sleep.

But the umbilical cord between them is both help and hindrance to the Chancellor's effectiveness in Whitehall. There is an undeniable sense in which he is her junior minister. Rather than take a difficult decision himself, he will often refine the options from which she can choose. He is particularly prone to doubt in dealings with the Bank of England and its governor, Gordon Richardson. The Prime Minister enjoys putting down Richardson on issues of interest rates and money supply control. "The Chancellor", as one City

Should the Chancellor send his information officers Hoovering around Whitehall for every speck of evidence that we are bottoming out of our recession?

observer put it, "is to the Governor as the rabbit to the stoat. He sometimes doesn't even have the strength to run to the safety of his own civil servants". Among those civil servants he inspires the loyalty, if not perhaps the enthusiasm, which they had for the more independent and forceful Denis Healey. There is a great mystique in the Treasury about what is called "understanding the policy". The Chancellor does "understand the policy" but with the caveat that he does not do so in quite the way that Nigel Lawson does. As one official once put it, "Sir Geoffrey is like a top-flight orchestral musician who plays Mozart, understands Mozart, but not quite in the way Mozart understands Mozart".



which they at least could grapple. Arguing with Howe, while not always like talking to a table, is often like tugging with a ghost.

Some monetarists, on the other hand, see Howe's policy stance as unnecessarily inflexible. They argue that a man with an intuitive feel for monetarism could have relaxed his targets to take account of the unexpectedly deep recession. Moreover, he could have done so while actually strengthening the confidence of the financial markets that he was sticking to his guns.

In a curious way, the Chancellor's dilemma over presenting his monetary policy closely mirrors the dilemma of presenting the real economy. The monetary targets are in almost as bad a state as the employment figures. What should one do? Change the target from sterling M3 to something else, admit one's mistakes, keep the rate of planned increase low and hope still to be able to consolidate the decline in our expectations?

Or should the Chancellor press on regardless, sticking to sterling M3, sticking close to the original Medium Term Financial Strategy figures, and putting on an unchanged face to a public which mostly

nel. After a week in which senior ministers — mostly for less than loyal reasons — had predicted a gloomy future picture, Mrs Thatcher felt compelled to choose the "crumbs of comfort" speech. But it was a close thing.

Last month Francis Pym followed his gloomy speech at the party conference with another prediction of continuing falling living standards and need to lower expectations. First reaction from the Chancellor and the Prime Minister was one of horror. The more considered reaction of Mrs Thatcher, at least, was that it had some good points about the way the next election might be fought. With three million unemployed and likely to remain so, perhaps the easy cynicism of the Macmillan-to-Callaghan years was no longer an option. Then came her "Ulysses" speech and some tough questioning about whether Sir Geoffrey Howe was the right man to start learning the new tune.

It is a finely balanced question for her to answer. The Chancellor has no significant personal following in Parliament or party but he plays an important personal role in maintaining the confidence of the City. He is no great orator but then his current key tenet — "maintaining steady but not excessive downward pressure on monetary aggregates" — might have tried the mind of Edmund Burke.

And who would replace him? Defence Secretary John Nott is probably first choice. He certainly "understands the policy" and would sell it with more freshness and vigour. But he is considered less "sound" than Sir Geoffrey and is currently under a small Downing Street cloud for his failure to control defence spending. Patrick Jenkin is often mentioned as a runner but is considered to be doing well at industry and unready for a new move. Nigel Lawson — increasingly seen as the Suslov of Mrs Thatcher's regime — could be promoted only over the dead body of Mr Whitelaw. The Chief Treasury Secretary, Leon Brittan, has almost all the disadvantages of Howe except that he is at least a new face.

A new face could in the end turn out to be enough. Tory strategists still remember what they call the "Healey factor" at the last election: the way they were able to taunt Denis Healey even after two years of virtual monetarism with all the excesses of his earlier years as Chancellor. Many of them would argue that cloning Sir Geoffrey Howe with Mr Brittan is a solution to suit all worlds.

The consensus is still, however, that Sir Geoffrey will end up the survivor — albeit encouraged to approach next year's Budget with a fresher act around the hustings. The Chancellor of the Exchequer is not only a maker of government economic policy but its living advertisement, its sandwich-board man. Most Conservatives — and most electors — would probably agree that Sir Geoffrey Howe remains the required standard of being "legal, decent, honest", when it comes to all that talk about "bottoming out", they would just like him to be a bit more "truthful".

Peter Stothard

US challenges treaty on seabed resources

From Our Correspondent, New York, March 7

A treasure trove of strategic raw materials, including thousands of millions of tons of potash, nickel, copper and cobalt lying on the ocean floor — has been declared the common heritage of mankind by the third United Nations conference, which resumes its extended negotiations at the United Nations tomorrow.

For the past seven years 150 rich and poor nations have been negotiating a draft treaty which would set new territorial limits, establish rules for passage through straits and seas, and create a regime to govern the exploration and recovery of seabed resources beyond national jurisdiction.

Ocean mining involves the commercial recovery of metal-bearing nodules found on the world's seabeds. Primary commercial interest is in those nodules deposited in three to five miles of water. These deep seabeds, which constitute about half of the earth's surface, offer a potentially increased supply of minerals important to the national economies and defence of the United States, Japan, the Soviet Union, China, and even land-locked nations.

The Law of the Sea conference was on the verge of completing a treaty last year. It had drafted a text totaling 175 pages in 17 parts with 320 articles and eight annexes. It had reached agreement on such crucial issues as 12-mile territorial limits, 200 mile economic zones, and navigational rights.

Then last March President Reagan's new conservative administration shocked and angered the developing nations by practically withdrawing from the negotiations.

The administration argued that main elements in the draft were against United States national, defence and mining interests, and it wanted to take stock of the complex negotiations. Many developing nations were stung and accused the United States of trying to torpedo the agreement.

On January 29 President Reagan announced that the United States would return to the conference, but he gave a warning that it would seek important changes in the deep seabed mining articles in order to obtain proper access to strategic raw materials.

The Reagan Administration is a powerful champion of private enterprise and is concerned that the United States will not have a big enough say in the proposed Jamaica-based international authority.

As the draft stands, America and other industrialized nations would provide most of the capital and technology for the authority's own mining operations.

Soviet pipeline controversy

Cold war lobby grows in Congress

From Nicholas Ashford and Bailey Morris, Washington, March 7

The Reagan Administration is walking a difficult path as it reopens discussions with the Soviet Union on the Siberian gas pipeline, and possible further economic sanctions against the Soviet Union.

The 3,600-mile pipeline has become an important political issue in the United States, in which Administration conservatives and moderates are pitted against each other in a classic bureaucratic struggle for control of East-West policy.

The high-level debate over the pipeline, seen here as a symbol of Soviet exploitation of East-West détente, is accelerating a deepening mood of isolationism in Congress.

The United States believes the pipeline will not only make Western Europe too dependent on the Soviet Union for energy and therefore open to Soviet blackmail, but the \$10,000m (about £5,000m) or more that the Russians will earn in hard currency from selling the gas will enable Moscow to devote more money to its arms buildup.

Taken together, these developments and European anger at American attempts to halt the pipeline, threaten further damage to the already strained Western alliance. This is why the United States delegation, led by Mr James Buckley, Under-Secretary of State for Security Assistance, has a difficult and delicate mission when it arrives on Saturday for talks with senior European officials.

The Buckley delegation, which will also include Mr Marc Leland, Assistant Secretary of the Treasury, and Mr Lionel Oliner, Under-Secretary of Commerce, must return with both a face-saving position for President Reagan and one that will also satisfy European critics.

The task is made more difficult in the light of the belief of senior Reagan officials that the pipeline decision has already been resolved in favour of the moderates led by Mr Alexander Haig, the Secretary of State, and against the hardliners led by Mr Caspar Weinberger, the Defence Secretary.

Even though the Administration insists publicly that no final decision has been taken, senior officials say the very fact that Mr Reagan delayed tougher action on the pipeline indicates that Mr Haig has won an important battle.

The issue was debated at length during a session of the National Security Council last week. At this meeting Mr Weinberger, supported by senior National Security Council officials, argued in favour of a tougher approach, calling for a ban on foreign subsidiaries of American firms from supplying vital equipment for the pipeline.

He particularly wanted to stop British, German and Italian subsidiaries of General Electric delivering turbines and compressors worth more than \$1,000m.

According to a Pentagon official such a ban would delay completion of the

pipeline by more than two years and would raise the cost so much that it would make the project appear much less attractive to participating European nations.

However, Mr Haig, while also opposing the pipeline, argued that it was not worth alienating Europe to the extent of causing permanent damage to the Western alliance; to do so would be to play into the Russians' hands.

"There is no point in pressing the alliance on the pipeline issue to the point where it cracks Western unity", Mr Robert Hormats, Assistant Secretary for Economic Affairs, said.

According to an official source the Administration is not likely to take further action on the pipeline as long as the European allies agree to a more effective common policy on security and energy matters.

Options to be discussed by the Buckley delegation include a renewed grain embargo against the Soviet Union, although this is not thought likely, in addition to other less important trade sanctions which remain a possibility.

In particular, the United States will press the Europeans to join in imposing tough credit restrictions against the Soviet Union.

Senior members of the Administration, Mr Haig included, have expressed a mixture of dismay and disbelief at the "ridiculously soft" interest rates being granted to Moscow in pipeline loans. American officials contend that by extending

Indonesian bible gets Malay ban

From M. G. G. Pillai, Kuala Lumpur, March 7

The Malaysian Government has banned the Alkitab, the Indonesian translation of the Bible because it contains references to Allah. The Home Ministry says this is against the teachings of Islam. Any church or individual found in possession of the Alkitab is liable to penalties which include imprisonment.

The problem arises because the Indonesians do not distinguish between Allah, and Tuhan, as the Malaysians do, for the Muslim and non-Muslim God.

The Malaysians insist that the proscribed book cannot be the Bible, but priests from both the Protestant and Catholic churches say that they use the Alkitab as the Bible in their regular Malay language services, and have done so for more than a decade.

The Alkitab is a direct translation from the New Testament in Greek and the Old Testament in Hebrew, and is published under the direction of the Supreme Council of Indonesian Churches.

The ban has now become a sensitive political issue, in view of the forthcoming elections.

The Government's dilemma stems from the need to encourage the national language, while controlling the spread of Christianity among the Muslim population. Under both the Malaysian constitution and local practice, Muslims cannot be converted to other faiths. The churches themselves are treading very carefully.

Ugandans accept UK troops

From Charles Harrison, Nairobi, March 7

The Ugandan Government has agreed on terms and conditions for a 36-man Commonwealth military training team, after at first rejecting proposals put forward by the Commonwealth Secretariat. The first members of the team, including Colonel Clavering, its British commander, arrived here this weekend en route to Kampala.

Mr Paulo Muvunga, the Ugandan vice-president and defence minister, said earlier that Uganda would not agree to give the team diplomatic status, but this weekend he said matters had now been settled to Uganda's satisfaction.

The team, including a contingent from Britain, is to work at Jinja barracks, 50 miles east of Kampala, the original base of the Uganda battalion of the King's African Rifles before Uganda achieved independence in 1962.

The Commonwealth responded to a Ugandan request for the training team to improve discipline and efficiency in the Ugandan army, which has frequently been accused of robbing and killing civilians.

Last week the Roman Catholic Archbishop of Uganda, Cardinal Emmanuel Nsubuga, made a strong protest after armed soldiers entered his cathedral in Kampala during mass and forced out priests and congregation.

The soldiers were searching for arms after a guerrilla attack in Kampala during which mortars were fired from near the cathedral.

سكوت من الاصل



P.O. Box 7, 200 Gray's Inn Road, London WC1X 8EZ Telephone: 01-837 1234

TRIDENT'S FOURTH DIMENSION

The Cabinet will very shortly be asked to approve a recommendation from the Defence Secretary, Mr. John Nott, that Britain should buy the Trident D-5 nuclear ballistic missile to maintain Britain's independent nuclear deterrent into the twenty-first century. This is a profoundly important decision.

The D-5 missile, which President Reagan has decided will be introduced in the early 1990s, is significantly different from the Trident C-4 which Britain had already decided to buy but which will not now be made in the United States after 1984. It has nearly double the range, meaning that submarines carrying it have a bigger area of the world's water in which to hide. It is more accurate. It will have up to 14 warheads by comparison with the eight in the C-4 and three in the Polaris. It requires, therefore, a much bigger submarine, as large as 16,750 tons displacement by comparison with the submarines of 10-12,000 tons displacement required to carry C-4. So naturally the D-5 is more expensive. The current guesses, whose implications are discussed in an article on the facing page, are that over 15 years Britain will have to spend at least £7.9 billion in acquiring the missile, building four submarines, manufacturing the warheads, and supporting the Trident force.

But a decision on D-5 does more than merely inflate the moral, military and economic arguments about Britain's independent nuclear deterrent. It adds a fourth dimension, and this lies in the unique political vulnerability of a choice for D-5 when it is made by a Government in any-term in the absence of anything approaching a political consensus on what, if anything, should succeed Britain's Polaris-Chevaline.

Eight postwar Governments have maintained the British deterrent with at least acquiescence from the official Opposition. The Harold Wilson who opposed Sir Alec Douglas-Home on the issue in

the 1964 election campaign was the same Mr. Wilson who pushed through the secret Chevaline warhead programme in the mid 1970s. But today Labour threatens to scrap all nuclear weapons in a gesture of woolly unilateralism, and neither the Social Democrats nor Liberals favour Trident and certainly not Trident D-5. There is more, than the makings of an expensive muddle here. There is a threat to the continuity of fundamental defence policy and Britain's security into the next century.

The Times supported the Government's original decision to buy Trident C-4 on many grounds. There seems to us no piety in sheltering behind an American bomb, no common prudence in presuming on American protection for the next 40 years in all sorts of unimaginable circumstances, and no wisdom in giving up the deterrent without any trade off from the Soviet Union. The arguments for a submarine-based missile are overwhelming and the cost of C-4, though high, is no greater than that of 200 tanks. The Soviet Union with 50,000 tanks is not going to be deterred by our adding to our 650 with another 200 or so. The cruise missile, which is canvassed as an alternative, is not a strategic weapon and Polaris — Chevaline option is vulnerable to developments in Soviet defensive systems.

The Trident is arguably a bigger deterrent than we need but again it is a very serious prospect to take the risk that at some future date we might be faced with the extinction of these islands when in return we might only be able to threaten a few cities. The prospect is horrible, of course, but that is the strategy of deterrence and it has kept the peace for nearly 40 years.

Most of these arguments support D-5 as well as C-4, but the case has to be made for it and it is crucially in the national interest that it wins wide support. It has to be demonstrated that continuing with C-4 will in the end cost

us not less but more money because we would be supporting a unique system. The argument that we benefit by what is called commonality with the Americans is persuasive. Our Chevaline programme originally estimated at £250 million has ended up costing us a billion or more.

But the evidence for D-5 in terms of economics will have to be more than anecdotal. And the costs have to be clearly spelled out. Our record in building our own submarines is good and the American record on building missile systems on time and on cost is good. But we must have a bargain basement price with as few percentage costs as it is possible to negotiate.

If the case for D-5 on cost can be proved — and it will be proved if it does emerge as only 3 per cent of our defence budget or 6 per cent of our equipment budget — then the ground shifts. Choosing C-4 spends money a lot sooner than D-5. By the time of the next election only £75 million will have been spent on D-5. And here is the heart of the political dilemma. A new government would find it hard to escape the C-4 commitment and justify wasting the many millions more that would have been spent on C-4. But a new Government might well be tempted to write off or fudge £75 million on an as yet un-built D-5 system. To go for C-4 new on these grounds is political defeatism and it is economically questionable.

This is why the Government must try to enlarge the political base for its militarily sensible choice of D-5. It will never win the unilateralist left but it must win the hard centre. A fait accompli reduces the hopes for that. Mrs Thatcher may in the end have to go it alone politically but she would be well advised to issue a full defence summary on Trident at the earliest opportunity so that there is at least a chance of an emerging consensus on an issue fundamental to the generation to come.

July, before their spring Budget had reached Royal Assent as a Finance Act; and then bringing in another supplementary in the autumn. Second-thought budgets became a penny, not least under Mr. Healey.

Yet at Westminster the spring Budget day has always kept its special place. The late Sir Gerald Nabarro, more a showman than a Commons traditionalist, was (I think) the last backbencher to observe the Victorian custom of appearing in the House for the occasion wearing top hat and morning coat, with a fine flowering of cravat. Nevertheless, even in less formal or sloppier days, everybody in the chamber and in the crowded galleries treated Budget day with a special Gladstonian awe, because they felt themselves to be in top hat circumstances. In a sense they still do, beneath the casual clothes. At the least, it is always a government showpiece.

Chancellors of the Exchequer have always had the chance to act up to catch the atmosphere. "Rab" Butler may be taken as an example. William Armstrong, one of the Treasury's Budget team, once told me that he and his colleagues stood appalled to see "Rab" at his desk slicing into the Treasury's budget with a third of them pasting down the scraps into a different order, fracturing the Treasury's sense of logic. The civil servants protested. "What you don't know and I do," Butler said in effect, "is that the House of Commons on Budget day has a logic that is not Treasury logic. Let civil servants stick to their business and be, as politicians, must stick to it. Every Budget has a 'Rab' — that is, political — element in it."

Reggie Maundling, as Chancellor, characteristically broke with a hallowed tradition. On the high flyer, it was a time when no Budget could live out a year, when Chancellors were bringing in supplementary amending budgets to the House of Commons in

that application for admission to the school will be open to all children. In the event of over-subscription preference will be given to children of Anglican families and to children of other Christian parents. Other criteria for preference will be sibling relationships, special factors (medical and social) and ease of access.

I am certain that, should the school become oversubscribed, the governors would wish the school to continue to reflect to a considerable extent the multi-cultural, multi-faith environment in which the school exists and that this would constitute one of the special "social factors" in the criteria for admission.

It has been my experience that parents representative of faiths other than Christianity often deliberately opt for a Church of England school, because they know that in such a school religion and worship will be taken seriously within an atmosphere of mutual respect and tolerance.

It is our policy at Twyford High School to nourish the faith of children from Christian homes, to encourage those with

other religious beliefs and practices and to challenge those with no particular faith to explore the possibility of a spiritual dimension to life. Your readers may be interested to know that in addition to Christian acts of worship, a diwali festival was held last term. Religious education in the school is concerned with Christianity and the other major religions of the world and with the moral and social issues within society that affect all of us, irrespective of cultural diversity.

I believe the new Church of England school in Ealing will, like the other church schools in which I have served, make a significant contribution towards fulfilling one of its declared aims, which is "to bring about greater understanding between people of different social backgrounds, ethnic origins and religious persuasions."

Yours faithfully,
KENNETH REEVES,
Headmaster,
Twyford Church of England High School,
Twyford Crescent,
Acton W3.
March 3.

Budget choices: the case for a 'significant' expansion

From Sir Ian Gilmour, MP for Chesham and Amersham (Conservative)

Sir, In his article "Sir Ian's cynical prescription for surrender" (March 6), my parliamentary colleague Stephen Hastings makes a number of unargued assertions: my proposals for the economy are "clearly designed as expedients... to win general elections"; I believe "all that is necessary is to interpret the wishes of the electors and appear to follow them"; "it is not really economics which guide" me, etc. According to Mr Hastings, I "hide" behind predictions of the Treasury model based on "stupid assumptions which I have fed into it" — "garbage in, garbage out", he says. Mr Hastings also suggests that I regard much of what has recently happened to the British economy as inevitable.

I do not regard the recent unprecedented rate of decline in the British economy as at all inevitable. The policy I propose stems not from a cynical calculation about electoral prospects but from a genuine belief in the consequences of the policies followed up till now and near-despair at the prospects for the country if they are not changed before long.

I made it clear in my article in *The Daily Telegraph* from which Mr Hastings quoted that the British people's attitude to the economy seemed to me to be right. Like you, Sir, in your two recent leading articles (February 25 and March 6) on the forthcoming Budget, Stephen Hastings did not think unemployment worthy of even a passing mention. The electors, in contrast, seem to believe according to the opinion polls that the present very high level of unemployment is unnecessary and intolerable. In this they are, I believe, wiser than either you or Mr Hastings.

But my view that with three million unemployed there should be a significant but initially moderate fiscal stimulus does not depend in any way on the Treasury model. I have only used that model to show that my proposals would benefit output, jobs and prices, even if the economy were as pessimistic as the Treasury believes it does.

Contrary to Mr Hastings' belief, the extent to which people buy government stock when there is a budget deficit is not something which I fed into the Treasury model but something which that model predicts — based, let us hope, on a careful analysis of past experience.

I do indeed believe that the Government would not have to raise interest rates if a more expansionary fiscal policy caused public borrowing to be higher. The money supply would be higher than otherwise, but that would be the natural concomitant of there being more national income — the very thing I am trying to achieve.

The idea that inflation is determined by changes in the money supply can no longer be seriously defended. The rate of price increases is, I believe, determined by world commodity

prices, by wage costs, and by the Government's own policy particularly on indirect taxation and the prices nationalised industries have to charge. This view is confirmed, not confuted, as Mr Hastings would have us believe, by the 1973 experience. Does Stephen Hastings really believe that the 1974-5 inflation had nothing to do with the increase in the price of oil and other commodities, nor with the threshold scheme which by an extraordinary piece of ill luck magnified both the scale and the speed of the response of wages to those events?

The Treasury model gave what I believe to be the correct answer: that fiscal expansion based on cutting taxes on industry combined with lower interest rates would result in less inflation not more, even though the money supply was slightly increased.

Stephen Hastings does not seem to rely on any careful examination of the evidence. He bases his argument not on facts but on random allegations from which he draws unwarranted inferences, which are in turn supported by an improbable mixture of faith, hope and dubious history. If I may adopt his graphic phraseology, it is not a case with his views of "garbage in, garbage out", but of "garbage in, garbage out".

I am, Sir, your obedient servant,
IAN GILMOUR,
House of Commons.
March 7.

From Lord Carr of Hadley

Sir, One of the most imaginative measures now under discussion to revitalise British industry as it climbs slowly out of recession must be the Government's new training initiative. A better trained, motivated and adaptable young workforce can only help to improve industry's ability to compete, which is now generally agreed across the political spectrum, is at the heart of our current problems.

Rightly, in my view, the employers' organisations have given their wholehearted support to the initiative. The scheme has been described as a tremendous challenge to employers and one which must have their support if, as we hope, every young person in Britain eventually is to have the opportunity for proper preparation for work.

How are business and industry expected to give the full support which the scheme deserves when their profitability is so low and when there is so little sign of any real improvement? On present Government policies output will grow only slowly from a low level, with GDP up by about 1 per cent in 1982. How much value can be obtained from the better training people will now all like to see when there isn't enough activity in the economy to employ them? Surely Government policies must be seen to be advanced in harness with a modest and sensible increase in business activity encouraged through the Budget and some of this benefit

channelled into new training. A virtuous circle, as one might say? Yours faithfully,
ROBERT CARR,
House of Lords.

From Mr J. H. Hooper

Sir, I have read the recent correspondence in *The Times* concerning the wish to cut income tax, and the urgent need to revive manufacturing industry. I believe that there are many who have not yet been made aware of the plight of much of the engineering manufacturing base in this country, the survival of which is critical to the future prosperity of the country.

It is true that we would all like to see income tax reduced and this would obviously have some demand effect upon industry, but this is not the priority. The burdens which have weighed most heavily upon manufacturing industry have been the prolonged high interest rates, leading to heavy stockpiling and escalating manufacturing costs, together with the subsequent effect upon the sterling exchange rate of 25 per cent over the past three years, reducing dramatically the ability of United Kingdom manufacturers to compete in Europe — this at a time when many manufacturing plants are working at around 50 per cent of their capacity.

It is, therefore, iniquitous that, added to these burdens, there should be a tax on jobs, known as the National Insurance surcharge, as well as soaring business rates and energy costs which are out of line with our European competitors. The Chancellor's priorities must be to remove the National Insurance surcharge, to reduce interest rates (even with some risk) with its knock-on effect on sterling exchange rates, and to bring energy costs into line with our competitors.

Yours faithfully,
J. HARRY HOOPER,
Chairman and Managing Director,
Armstrong Equipment Limited,
Gibson Lane, Melton,
North Ferraby,
North Humberside.
February 24.

From Mr John Fingleton

Sir, In the early 1970s the price of oil rocketed. Result: enormous problems for the then Chancellor, and thus the nation's economy. In the early 1980s the price of oil — including by now our own — is tumbling. Result: enormous problems for the Chancellor, and thus, apparently, the nation's economy. What is the lesson to be learned, other than perhaps "plus ça change...?" Yours faithfully,
JOHN FINGLETON,
26 Warrford Court,
23 Throgmorton Street, EC2.
March 3.

whose responsibility is the promotion of foreign travel to Britain. This agency's evidence — and more particularly cross-examination on such matters might be expected to become a key point in the public inquiry, not least because it is known that their expert views on tourism forecasts differ from those of the BAA.

It is surprising, in the circumstances, that the BTA appear now to be considering making only the briefest of written submissions to the inquiry, without putting up witnesses for cross-examination. If this proved to be the case, understanding of the assumptions underlying the British Airport Authority's tourism projections would also be weakened.

It is of course principally for BTA to decide for themselves how to present their evidence to the inquiry. But in view of the stakes — thousands of acres of English countryside — a number of other parties have more than a passing interest in any decision they may make.

Yours faithfully,
ROBIN GROVE-WHITE,
Director,
Council for the Protection of Rural England,
4 Hobart Place, SW1.
March 5.

No body is better placed to throw light on these matters than another statutory agency, the British Tourist Authority (BTA),

Predicting air traffic

From the Director of the Council for the Protection of Rural England

Sir, The public inquiry at Stansted into the British Airports Authority's (BAA) proposal for a third London airport has now been in progress for almost six months. It is increasingly clear that the Authority's case hangs critically on predictions of massive increases over the coming decades in air traffic for leisure purposes, that of the 70 million passengers expected to require air terminal facilities in the South East in 1990, at least 48 million will be tourists. Beyond that date, leisure traffic becomes still more significant.

What is more, the Authority are stressing that their Stansted plan is designed specifically to cater for tourist charter traffic.

So a great deal turns on whether such projected increases in tourist demand are either inevitable or desirable. If there is doubt about either, the case for a massive Stansted expansion is correspondingly weakened.

Yours faithfully,
WALTER PERRY,
Chairman of Council,
Research Defence Society,
The Open University,
PO Box 77,
Sherwood House, Sherwood,
Bletchley, Milton Keynes.
February 22.

No-claim bonus

From Mr R. E. Hunt

Sir, In his letter (March 1), Mr Bishop complains about the loss of his no-claim bonus on his Motor Insurance premium. A suitcase had been stolen from his car, and he has been told that if the insurers pay, his no-claim bonus would be stopped. Quite right.

It goes on to say "I thought that loss of a bonus was to penalise the guilty party in an accident". No, not entirely, it is a no-claim bonus not a no-blame bonus. In any case trying to establish who is to blame in many motor accidents is an impossible problem when reading the reports of each motorist concerned. How they were in the same town at the same time is almost as difficult. Where, however, the circumstances of the accident, honestly admitted, show one driver to be unquestionably in the wrong, providing an undisputed right of recovery against him, the insurers would normally allow the no-claim bonus, and pay his claim in full.

Yours faithfully,
R. E. HUNT,
2 Grosvenor House,
Grosvenor Road,
Coventry.
March 2.

Price of gas

From the Chairman of the National Gas Consumers' Council

Sir, Government has in the past been tempted to freeze "sensitive" prices for a period before an election; and rumour has it that next year might be no exception, that gas prices might be frozen.

It has always been incomprehensible that a government dedicated to the operation of market forces should dictate prices charged to consumers by the British Gas Corporation, especially in light of the Government view that nationalised industries should behave more like independent private sector companies.

However, the Government claims that the recent series of rises have brought gas prices up to their current economic level. If so, what would a freeze serve (in a time of inevitable rising costs) but to start another cycle of artificially speeded-up price increases in order to catch up on the "real" price? Such increases would, presumably, begin to hit shortly after the election and to repeat in the years ahead the pains already inflicted on gas consumers since 1980.

Smaller, slower, price increases and price stability would be welcome, always provided that prices relate to costs. It is too easy for BGC to overlook the need for sensitivity about costs and cost inefficiency, when the Government backs policy of passing costs straight through into prices.

It also follows that NGCC is powerless to defend gas consumers in the important area of prices because these are dictated by Government. If pricing becomes the responsibility of BGC, we can get into the arena with a visible protagonist which would give us the chance to analyse, argue and negotiate fair but realistic pricing.

I wish I could welcome a freeze but it is no good sacrificing long-term stability to short-term popularity. When one catches up on a financial loss after a lean year, it is necessary to recoup more than the money lost by underpricing. The underpricing costs itself generates so many additional costs. Yours faithfully,
SHEILA P. BLACK, Chairman,
National Gas Consumers' Council,
130 Jermyn Street, SW1.
March 4.

Arab use of oil weapon

From Sir John Wilton

Sir, Dr Kissinger complains, in the extract from his memoirs which you publish today (March 4) that "some of our allies were asking for preferential treatment from the Arabs for having disavowed our Middle East policy."

The immediate cause of the Arab use of the oil embargo in 1973 was the American decisions to airlift arms to Israel and vote her a \$2 billion credit in the middle of the fighting. America's allies were not consulted about that decision; and they were left to devise what measures they could to protect their economies which at that time were far more vulnerable to the embargo than was the economy of the United States.

There cannot have been many occasions when a country's unilateral action caused more far-reaching damage to its allies than did that of the United States in October 1973. Indeed it was not, as you say, a finer moment of allied relations.

Yours sincerely,
JOHN WILTON,
Wilmere Lodge,
Middleton Stoney,
Oxfordshire.
March 4.

Lead in petrol

From Mr Brian Price

Sir, I write in response to criticisms of my energy analysis of lead in petrol, reported in *The Times* (February 27).

Associated Oil Limited state that extra crude oil requirement, at the refineries, of 430,000 tonnes relates to the transition from petrol containing 0.4 grammes of lead per litre to that containing 0.15 g/l. This is true and I used that figure, together with other industry data, to derive a gross figure of 1.02 million tonnes of extra crude required for the complete transition to lead-free fuel.

The net amount of extra crude required will be considerably less than this. As your correspondent rightly points out, the by-products of crude refining do not simply disappear but can be used for other industrial purposes. Indeed, some of them can even be used as fuels in vehicles. The net extra crude requirement works out at some 260,000 tonnes — a figure considerably smaller than the gross figure possible from the use of lead-free fuel.

The purpose of my study was to determine whether or not the energy savings traditionally attributed to leaded petrol were real. However, one wonders whether arguments about gaining or losing a few hundred thousand tonnes of oil are worth engaging in when the mental performance of so many of our children is at stake. Before this study was begun, Friends of the Earth believed that the expenditure of this small amount of oil was worth while, in public health terms. The results of this analysis completely vindicate our position that lead should not be added to petrol.

Yours faithfully,
BRIAN PRICE, Pollution Consultant,
Friends of the Earth Limited,
9 Poland Street, W1.

Clergy's rewards

From the Reverend P. E. Nixon

Sir, Recent articles and letters in *The Times* may have given your readers the impression that the clergy are suffering from low morale and low pay. There is another opinion.

Jesus said "Blessed are you poor" (Luke 6:20). I believe that this is closer to the original words of our Lord than St. Matthew's "Blessed are the poor in spirit". If we take this seriously, it means that to give the clergy more pay would not advance the kingdom of God, and may even retard it. With my stipend and family income supplement I receive more money than many of my parishioners, and more than the supplementary benefit rates imply that I need. To have more money so as to be able to be more generous, might sound attractive, but it would generate an unhealthy paternalistic attitude in the clergy.

I know that this may sound naive or self-righteous, but there are parishioners who have less than I, and who speak of the joys of creation; they consider the lilies, quite without affectation, and find this quite humbling. There is a peace of God which passes understanding; but it is not to be purchased by asking for an increased income. Yours sincerely,
PHILIP NIXON,
Curate of St. Wilfrid's, Hailton,
67 Morritt Drive,
Leeds.
March 1.

Copying the image

From Mr C. W. Hodgkinson

Sir, As to censorship, is it pertinent to compare Michael Winner (in a letter to you, Sir, published February 24) with Oscar Wilde (in "The Decay of Lying" published in *Intentions*, 1891)?

Michael Winner: "To believe that if you cut dramatic reconstructions of unpleasant aspects of life from movies life will itself become sweeter and less violent is optimistic in the extreme."

Oscar Wilde: "Life imitates art far more than art imitates life."

Surely Wilde's words apply even more to the arts of film and of TV reporting than to those he knew? Yours faithfully,
C. W. HODGKINSON,
23 Grand Parade,
Leigh on Sea,
Essex.
February 24.

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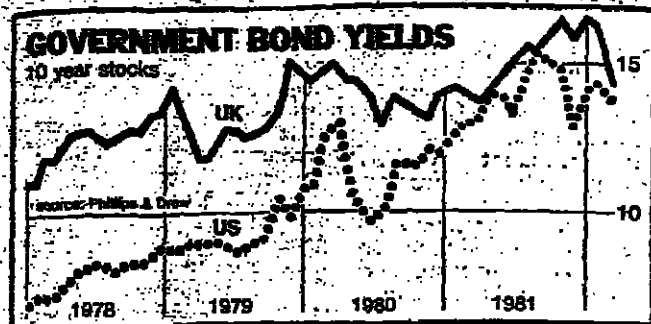
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BUSINESS NEWS

Yields fall again



Yields on gilts fell sharply last week in five successive trading sessions as market hopes of further base rate cuts rose. Dealers believe that easier money supply and inflation figures justify another round of interest rate reduction either today or just after tomorrow's Budget. If these expectations are not met bond prices could slip later this week.

BP in offshore sale

British Petroleum is believed to be keen to sell its 15 per cent stake in the Beatrice field in the North Sea. It bought the holding from P & O in June 1979 for £28m. BP's desire to sell out is apparently based on a desire to limit its involvement on fields where it is not the technical operator.

CSI chief fights back

Mr Patrick Neill, chairman of the Council for the Securities Industry has opened a fight with a private document to the 14-man council to save the powers of the City's ultimate self-regulatory authority, which he heads, from being replaced by law and administered by the Department of Trade. The threat to the CSI was foreshadowed in a consultative document in January which had been commissioned by Mr John Biffen, the Trade Secretary.

Nimble cameras

Eight hundred Nimble 3-D cameras - a day are coming off the production line at the Dundee factory, ready for the sales launch in the United States later this month.

The Nimble Corporation is to start selling the controversial camera, at a price close to \$200 (£100), in the United States. The camera, which will become available elsewhere in the United States, is expected early in 1983.

Business guide

A new guide to help people find the money they need to set up or expand small businesses is published today by the Confederation of British Industry. The guide is called *Finding Money for Your Business*.

Panel urged to censure a Court

By Philip Robinson

Mr Gerald Ronson's Heron Corporation is to press hard for the Takeover Panel to censure publicly Australian Mr Robert Holmes a Court for alleged breaches of the Takeover Code. The two are rivals in a bitter battle for control of Associated Communications Corporation, formerly headed by Lord Grade, and Mr Ronson's move follows Mr Holmes a Court being revealed as the mystery buyer of almost one million ACC non-voting shares and increasing his bid to 95p a share, topping Mr Ronson's offer by 5p.

Under the Takeover Code all purchases of all classes of shares must be declared by noon of the day following the purchase. Censure by the Takeover Panel is usually only done in extreme cases.

Mr Holmes a Court was not available for comment yesterday, but it is understood his TVW Enterprises, a 44 per cent owned subsidiary of the Bell Group through which he is making his bid for ACC, had been buying and selling ACC non-voting shares since last Wednesday.

On Friday, Heron's advisers, Barclays Merchant Bank, asked the Takeover Panel to investigate a mystery buyer who had chased the ACC share price up to 97p at one point in the Stock Market. Their request came as a result of unsatisfactory answers from stockbroker T. C. Cowles which was executing most of the buying orders.

On Saturday, as a result of the Takeover Panel request, Mr Alan Newman, Mr Holmes a Court's main executive dealing with the ACC bid, admitted that TVW Enterprises had added 925,000 ACC non-voting shares to the 51 per cent already held. By midday Mr Holmes a Court had called Standard Chartered Mer-

chant Bank, which is advising ACC directors, and told them he was increasing his offer.

This is a revision of Mr Holmes a Court's first offer almost two months ago. At that time Bell Group offered 66p for the non-voting shares and 320p for the voters. Now it is offering 95p for 25.6 million non-voting shares and 146,700 voters. He does not already own. The new bid values ACC at £51.3m, almost £15.3m above his first offer and £2.7m above the Heron offer.

Heron was meeting the Takeover Panel late last night. Mr Michael Pearson, heading Barclays, advised Heron, said: "I will be expressing our disquiet at the share buying, and pushing very hard for the Panel to censure Mr Holmes a Court."

There is no excuse for not knowing that they had to declare. I would imagine Mr Holmes a Court could recite the Takeover Code."

He said Heron was going ahead with its offer document, detailing a bid which values the non-voting shares at 50p and the voting shares at 360p. It should be out on Wednesday. Mr Pearson added: "There is no intention of revising our price at the moment. We are not going to be panicked into anything."

Meanwhile ACC's special four-director committee, headed by Lord Matthews and set up last week to look at all takeover bids and report to the full board, is due to meet today.

Suggestions that Mr Holmes a Court might be asked to step aside as ACC's chairman are likely to be reviewed when he returns to Britain from Melbourne at the end of the week. It is understood the board has taken the view that there is no potential conflict of interests.

Opec 'will hold present oil price'

By Jonathan Davis, Energy Correspondent

Leading oil ministers in the Organization of Petroleum Exporting Countries said yesterday that they expected to be able to hold oil prices at their existing levels, because of a concerted move to cut production.

This follows the announcement over the weekend that Opec will hold an emergency meeting in Vienna on March 19, and confirmation by Saudi Arabia that it plans to reduce its official production ceiling from 8.5 million barrels a day to 7.5 million barrels a day.

Ministers from the leading Arab members of Opec, meeting in Qatar for the second Arab energy conference, said that the emergency Opec meeting would confirm an informal deal struck at the weekend. This would involve cutting Opec output from around 20 million barrels a day to 18.5 million barrels a day.

day, and maintaining the present official pricing structure, based on a \$34 a barrel benchmark.

Shaikh Ali Khalifa Al-Sabah, Kuwait's oil minister, said yesterday: "We are confident we will succeed in maintaining the present (price) level", adding "the present crisis is a transient one".

Iraq's Oil Minister, Mr Tayeb Abdul-Karim, expects the downward pressure on oil prices to ease within two or three months. He ruled out any price cuts by Opec members, and warned that they could cut output again if the present oil glut continued.

Western sources are, however, sceptical whether a cut in production to 18.5 million barrels a day will be sufficient to prevent further reductions in oil prices during the weak demand period of the summer. Many observers feel that Saudi Arabia, the leading Opec producer, would not be unhappy to see the Opec benchmark price reduced from \$34 a barrel to between \$30 and \$28 a barrel.

Saudi Arabia's position is not yet clear. Shaikh Yamani, the kingdom's oil minister, said at the weekend that an emergency Opec meeting was not necessary. However, later, after the Opec secretariat announced the March 19 date for such a meeting, he changed his tack and said: "It is now possible to convene a very successful meeting."

Shaikh Yamani confirmed that his country's production ceiling would be lowered by one million barrels a day this month, and repeated his belief that the \$34 a barrel price would be held until the end of the year.

The fall in oil prices over the last few weeks, highlighted by Britain's decision to cut North Sea prices by \$4 a barrel to \$31 a barrel last week and other price cuts by Iran, Mexico and Egypt, has been prompted by a surplus of supply estimated to be running at two to three million barrels a day.

Opec does reduce its output to 18.5 million barrels a day, it will be the least it has produced since the 1960s, and compares with a production peak in 1977 of 31 million barrels a day. Oil sources said last night that it would be unwise to take Opec's plan to reduce its output until an agreement is actually reached at Vienna. Several oil companies are openly predicting that prices might eventually fall to \$25 a barrel.

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Buying a share in scripophily

Scripophily, the study and collection of bonds and share certificates, brought the curious as well as numerous dealers, some from abroad, to the City of London yesterday for the second annual international scripophily conference. Mr Jonathan

Littleton, auctioneer for the Bond and Share Society which organized the conference, sold around 15 lots of the bonds and certificates, many of them intricately engraved. Mr Littleton is pictured examining an early railways certificate.

I. G. Metall accepts 'model' rise

By Peter Norman, Brussels

A breakthrough has been achieved in this year's round of collective bargaining in West Germany with the I. G. Metall trade union's acceptance of an increase of only 4.2 per cent for one million metal processing and engineering workers in North Rhine-Westphalia.

The increase, which was agreed on Saturday after both sides had gone to arbitration, is well below the 5.8 per cent rate of inflation in Germany but takes into account expectations of a further drop in the rate of price increases.

The settlement is likely to be adopted with minor variations for 3.7 million metal and engineering workers throughout West Germany, and could set a pattern for other industries. The union and employers' negotiators agreed that it should be recommended as a model to metal industry wage negotiators in other regions of Germany and those in West Berlin and Bavaria have already signalled their acceptance.

The agreement compares with I. G. Metall's initial claim for 7.5 per cent and the employers' offer of 3 per cent.

The rapid conclusion of this year's engineering wage round with a settlement appreciably below the inflation rate was welcomed by the West German government and the federal bank.

The government, while drawing up its programme to boost employment earlier this year, stressed that moderate wage increases had been achieved by nearly 50 per cent over the past 12 months to 1.9 million. The settlement, coming on top of a slowdown in the rate of inflation and signs of a steadier Deutsche mark of foreign exchange markets, could encourage the bank to reduce its interest rates.

After the settlement was announced both the employers and the IG Metall union found fault with it, indicating that an acceptable compromise had been reached.

Herr Wolfram Thiele, the metal industry employers' leader, complained that a lower figure would have helped to reduce unemployment. But the outcome was better than a strike, which probably would have been the result of the conflict if arbitration had failed.

Herr Klaus Lang of IG Metall also said the outcome was unlikely "to make anybody jump up from their chair". But he described the increase as acceptable provided the government did everything that it could to push through a change in employment policy and that industry fulfilled its pledges to hold down prices and improve conditions on the labour market.

Belgian steel prices, Page 13

THE WEEK AHEAD

Sweet taste of success

LONDON EXCHANGE

FT Index 560.7
FT 100 68.36
FT All Share 323.03
Bargains 24,604
(Friday's close)

Proof that demand for biscuits and confectionery is virtually recession-proof will emerge on Thursday when two of the United Kingdom's largest food groups - United Biscuits and Cadbury Schweppes - are both expected to report a healthy increase in profits. Still, will also be announcing its final figures.

United Biscuits is expected to raise taxable profits from last year's £47.6m to around £50m, helped by currency gains and the low price of cocoa, and matched by a 20 per cent increase in dividends for the year to a total of 12 pence to December of 7.50.

This will come from better margins in the United Kingdom biscuits and snacks through volume increases and better productivity, and a considerable advance in the United States, boosted by currency gains on translation into sterling.

But the present year is likely to see a slowdown as the low raw material prices and the weaker pound may have a less marked impact, and analysts are looking for profits in the region of £67m.

Two areas the group has identified for long-term expansion are frozen foods, currently a loss maker, and restaurants.

Frozen foods account for about 10 per cent of United Kingdom sales, and after reorganization

could be approaching break-even after a £2.9m loss last year. The Pizzardo restaurant chain has performed well and is being restructured. The company is being slowly revamped.

After an absence at the last year from £21m to £27.5m, Cadbury Schweppes is expected to produce profits of £75m to £77m for the year to December, bolstered by year-end currency translation gains.

There should be a matching rise in dividends with analysts expecting a rise from 5.8p to 6.8p per share for the full year.

The group, achieved good progress in a number of overseas markets, while in the United Kingdom there was a modest advance of £1.5m to £18.7m. A heavy increase in marketing expenditure helped Dairy Milk win back market share from Rowntree's Yorkie bar, but the price of an enlarged group if Rowntree's bid for Hulton & Palmer is successful will offer increased competition to both Cadbury Schweppes and UB.

With the reduction in North Sea oil prices quickly followed by Department of Energy forecasts that production would rise this year, Mr John Baismann, chairman and chief executive of Shell UK, said last week that Britain's offshore development was at a crossroads.

His warning comes ahead of not only tomorrow's Budget but also of full-year figures from Shell, due on Thursday, which are expected to show a fall from last year's £2,225m pre-tax, with estimates ranging from £1,400m to £1,600m.

Garth David

ECONOMIC VIEW

Events will be overshadowed by tomorrow's Budget, which could contain provisions for tax cuts and bed and breakfasting which will be unpopular with big companies and the stock market.

But today's final figures for January retail sales are expected to confirm the view that despite the seasonal sales it was a bad month for the shops, and the provisional February wholesale price index figures should show that inflation is not worsening.

Mid-February provisional money supply statistics will not indicate a significant fall in money supply growth.

DIARY

Today: Retail sales (January final figures), wholesale price index (February provisional), construction output (fourth quarter).

Tomorrow: Sir Geoffrey Howe, Chancellor of the Exchequer, makes his fourth spring Budget statement; British Constructional Steelwork Association annual dinner; Savoy Hotel, London; Central government borrowing requirements (February); provisional estimate of money supply (mid-February); London clearing bank's monthly statement (mid-February); provisional figures of vehicle production (February).

Wednesday: United Kingdom balance of payments (fourth quarter).

Thursday: National Home Improvement Council annual lunch.

Friday: Building societies' monthly figures (February).

OFT studies bread price discounts

By Derek Harris, Commercial Editor

Bread prices are being investigated by the Office of Fair Trading, which is considering action under the new Competition Act. The question is whether any bread manufacturers have adopted a strategy of predatory pricing.

The Monopolies and Mergers Commission, in its 1981 report on discounts to retailers, pointed to the dangers of predatory pricing. This is when one or more dominant manufacturers use their resources to subsidize their sales to a few selected smaller makers out of business.

This, brings short-term benefits to consumers in sharply lower prices but a later danger from a possible monopoly. The OFT said last night it was in contact with various parts of the industry after complaints and expressions of concern from both management and trade unions in the bread industry about the level of discounts.

There have been complaints from some independent regional plant bakers as well as from trade unions.

OFT investigators are looking closely at the role in the discount war being played by the two giants of the industry: market leader Associated British Foods (ABF), with a market share of about 32 per cent, and Ranks Hovis McDougall (RHM) with about 28 per cent.

But there are likely to be difficulties in assessing whether a particular manufacturer is being well below cost. This is because some more modern and efficient plants than others and thus are able to afford larger discounts to retailers.

ABF, for instance has

more new generation plant bakeries than RHM. Associated Family Bakers, now with 4 per cent of the bread market, is also in the forefront of modernization, with multiple capacity coming in stream.

Over-capacity in the industry is at the root of the discount war, particularly as more modern higher capacity bakeries are opened and more superstores and large supermarkets join the growth sector of in-store "hot bread" bakeries.

If a plant bakery is operating at less than 20 per cent capacity it runs at a loss. The big suppliers to multiple grocers such as Tesco and J. Sainsbury are thus under pressure to give large discounts in order to maintain volume production.

ABF started the new spiral of discounts last autumn. This happened after Associated family bakeries made increasing investments in new plant, and last night that prices in the supermarket of well under 30p a family-sized white loaf were making it more difficult to sell what they regard as craftsman-made loaves at around 40p.

After the crash of the Spillers baking interests in 1978, maximum discounts to the multiple buyers had been running at most at 25 per cent before the discount war started. Now discounts are thought to be nearer 30 per cent.

The list includes the United States agricultural products, consumer products such as cigarettes, and basic products such as soda ash used in glass making which the American companies say they can deliver at dockside for \$100 less a tonne than the prevailing price in Japan.

"This time our message is clear. We list and we want meaningful action. We know it can't be done overnight but we nevertheless want some sign of movement," Mr Lionel Olmer, the Under Secretary of Commerce, said.

Even if there is movement and the Japanese approve the new package of measures designed to improve access to their markets, Congress is still almost certain to pass

Docks face more job cuts

By Paul Routledge, Labour Editor

Experts face handling difficulties and the Government may be involved in a new public expenditure burden because of troubles in the docks caused by falling trade and reorganization of the industry.

Port employers in London and Liverpool want to shed about 3,000 registered dock workers and there is growing pressure from an unofficial dockers' group to strike against proposals to reorganize the National Dock Labour Board.

The Port of London Authority says it would like to make redundant 1,100 dock and warehouse workers because of recession. The Mersey Docks and Harbour Company is talking of around 1,300 job cuts involving the possible shutdown of Victoria Dock, Birkenhead.

The dockers are protesting at proposals to reshape the Dock Labour Board.

SINGAPORE

Cautious optimism on money centre role

Singapore's financial community was sorely disappointed by last Friday's annual budget, which failed to deliver concessions they had requested of Dr Tony Tan, Minister for Trade and Industry. In the months before the budget announcement, Dr Tan had private contacts with banks and trade associations, discussing what moves they saw as necessary for Singapore to meet its goal of becoming the "financial supermarket" of South East Asia.

The fact that Dr Tan is the first minister of trade and industry to have come from the banking sector engendered further confidence that he could come up with a dramatic drop in corporate tax, clearer guidelines on taxation of trading profits and capital gains, a review of the banking act, and confirmation of large tax deductions on fund management fees. On all these, they were disappointed.

Instead, the financial sector received modest concessions like the scrapping of the stamp duty on Asian currency loan agreements signed before April 1, 1980, when these were registered to Singapore, and the abolishing of estate duty on gold deposits.

Singapore's success as the centre of the Asian dollar market, expected to top the United States \$1,000m (\$540.5m) level by June, has been the core of its ambitions as the leading regional financial centre. However, fund management has been hampered by unclear tax guidelines on asset management. At the moment, profits from bonds, notes and floating rate certificates of deposit can be subject to 40 per cent corporate tax, as compared to Hongkong's 16.5 per cent. In leaving this situation unchanged, the Singapore Government is still cautious on how it chooses to encourage growth.

This caution is all the more ironic when Singapore is the financial centre trying to digest the bulk of Asian monetary growth. In Singapore the financial and business sector showed an 18 per cent growth rate over the previous year, thereby retaining its position as the leading sector of the economy.

Dinah Lee

LICENSED TRADE

Chancellor may bite into fruit machine profits

It was a surprise when the Chancellor in his 1981 Budget failed to siphon off some of the big profits made from one-armed bandits. These account for much of the price discount on club beer and probably rather more than half the profit in the average pub.

Tomorrow it seems likely that the Chancellor will at least increase the machine licence fees, or possibly bring in an ad valorem tax on takings, already subject to value added tax.

Licence fees, higher in clubs where jackpot payouts are much greater, would offer the Chancellor the simplest route to adjustment. But an ad valorem tax, although more complicated to collect, would at least go to the brewer and in the clubs the AWP profits go a long way to supporting lower bar prices.

The National Union of Licensed Victuallers has been campaigning strongly for pubs to be able to increase jackpot prizes to match this competition from the clubs.



Fruit machines: rise in licence fee likely

The payout on pub machines has been doubled to £2 but the union has urged that this should rise to £10.

In the clubs some machines pay out jackpots of £100. There are well over 100,000 AWP machines in Britain and profits from those in pubs alone are probably more than £180m. Estimates of profits from club machines vary from £700m to almost double that figure.

A pub with two AWP machines — effectively the maximum because licence fees scale up sharply for additional machines — would have an average income from them of about £5,500 a year, according to an analysis by Phillips & Drew, the brokers.

The increasing reliance of the pub and club trade on AWP machines eased when video games machines came into fashion. But this has waned, making AWP takings again a key factor.

Derek Harris

TAX ON OVERSEAS OPERATIONS

Fears grow over revenue plans

A significant issue in tomorrow's Budget will be whether the Chancellor, Sir Geoffrey Howe, bows to the concentrated pressure from Britain's multinational companies to defer for a year new rules for taxing their overseas operations.

The Inland Revenue has shown it is determined to introduce the new rules as a way of getting back some of the powers exercised by the Treasury when exchange controls were in force. Since controls were abolished in 1979 by the present Government, the Revenue has argued that use of tax havens by British companies and individuals has boomed.

As a result, it produced its draft clauses — bound in

yellow covers and immediately labelled "the yellow peril" by tax accountants — which propose a tax on all British companies with overseas subsidiaries in low-tax regimes. It also wants a new definition of company residence to strike at businesses which operate in the United Kingdom, but enjoy favourable tax benefits because they are controlled from overseas. Finally, and in the view of many multinationals most alarming, the Revenue wants to tax loans made by overseas subsidiaries to their United Kingdom-based parents. The Revenue argues that the loans are an avoidance device aimed at ducking the tax which would be paid if funds were remitted to Britain as dividends.

As commercial loans, United Kingdom companies must pay interest to the lenders. And to the apparent disgust of the Revenue, they then claim tax relief on the loan interest payments.

Businesses argue that they arrange their affairs in this way because their overseas subsidiaries face high local taxes and punitive withholding taxes on dividends paid overseas. They also claim the draft clauses represent a serious threat to multinational business carried on from the United Kingdom.

All the leading pressure groups have been begging the Chancellor to defer introduction of the plans for a year of further consultation.

Drew Johnston

BROKERS' VIEWS

Budget expected to boost market

Brokers are viewing tomorrow's Budget optimistically for the stock market. A stimulus will be given to the economy, it is thought, although opinions vary on the amount of money the Chancellor will give away. Gilts are expected to continue to trade well by most brokers. Forecasts for the equity market, which has been remarkably firm recently, are more cautious.

James Capel sees the Chancellor giving away "a modest £500m to £750m." The case for a cut in the National Insurance surcharge has been weakened by the fall in oil prices. "As a consequence we still believe that the best use for the money would be the indexation of customs and excise duties other than petrol," they say. They see a growth in the economy of 2.5 per cent in 1983, and inflation down to 8 per cent.

Laing & Cruickshank are going for a £1,000m giveaway by the Chancellor. They expect the gilt market rally to continue into the summer. The authorities have nudged down interest rates, and further cuts in base rates to 12 1/2 per cent can be expected by mid-year. But, in the second half, rising US interest rates and buoyant corporate loan demand will put upward pressure on base rates, they say.

Pannure Gordon are positive of the gilt market. The Budget will be a weakening of business activity, oil prices, and loan demand in Western economies is gathering force, and the inevitability of a significant fall in bond yields has become clear. Fundamental British economic influences on gilts remain — almost without exception favourable. As the payment of overdue and seasonal tax is achieved, liquidity surpluses are likely to emerge.

Shearman & Chase have a number of reviews out this week. On Barclays Bank they see "considerable scope of profits growth this year." The shares are on an attractive yield, which the brokers say, at 7 1/2 per cent, is a good return for the year to end December.

Commercial Union is their preferred stock among the composite insurance companies, with the yields for 1982 and 1983 forecast at 12.3 and 13.6 per cent respectively.

Grievson, Grant's latest commentary on the unlisted securities market picks out Johnstone's Paints as having good long-term growth potential. For 1981 the brokers see pretax profits of £1.55m, growing to £1.8m in 1982, giving earnings per share of 7.1d and 8.2d and yields of 3.1 and 6.1 per cent.

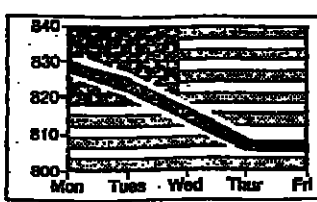
Phillips & Drew recommend buys for BPB and for Imperial Group. Carr Sebag like Ultramar, a clear-cut, a p/e ratio of 4.6 for 1982 and 3.7 for 1983; the yields for the same years are forecast at 5.4 and 6.2 per cent. Carr Sebag also like Diploma, at a fully taxed p/e of 24.3 for 1982 and 19.7 for 1983, with yields of 2.6 and 2.9 per cent respectively.

Rowe & Pitman recommend a buy on Royal Insurance (as do a number of other brokers). They estimate a p/e ratio of 9 for 1982 and a gross yield of 10.6 per cent. Capel-Care Myers also favour Royal Insurance, the firm's forecast for 1983 when they see pre-tax profits at £168.4m, giving a p/e of 7 and a yield of 11.3 per cent.

Sally White

MARKETS ROUND-UP

Wall Street bleak but busy



Concern about the recession took the Dow Jones industrial average down another 17.03 pts last week to close at 807.36. Wall Street is in the grip of the worst bear market since the 1973-74 recession and few analysts see much hope of relaxation before the end of April.

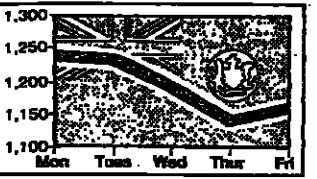
The Dow is expected to fall to 725 or 750 before it begins to rise again as investors act on nervousness about the recovery supposed to begin in the second half of the year. Last week saw the heaviest volume of trading since the week ending January 9, 1981, when Mr Joe Granville, an influential investment adviser, advised his clients to sell everything.

Volume totalled 328.82 million shares last week compared to the record of 324.52 million in 1981. The past few weeks have seen the stock market defy traditional indicators. Recently bond prices have rallied and interest rates have declined, a combination that usually prompts the market to rise.

Investors are also encouraged by positive company news, particularly from the steel industry, which has promised a higher dividend for 1981 on the strength of 20 per cent higher profits.

HONGKONG

Market battered



The bears were out in force as the market took a battering. The Hang Seng Index closed at 1158.92, shedding 113 points for the week. After weeks of poor volume, reflecting the lack of interest, average daily turnover was up at HK\$180m (£16.5m), fuelled by the selling spree.

The week's most significant point came when the market broke through the supposed 1220 support level without any noticeable resistance. Institutions began selling again and brokers now see the next support area at 1100.

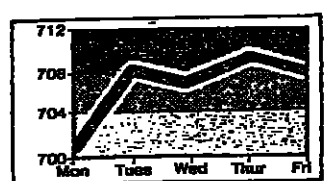
The recent slide in share prices has hit property stocks in particular. The two major

blue chips, Hongkong Land and Cheung Kong, have now dropped 28 per cent and 32 per cent respectively in the last two months.

But sentiment remains overwhelmingly bearish, despite Friday's rally of 18 points, which brokers described as unconvincing in view of short covering and continued selling into strength.

GERMANY

Foreign boost



With the Commerzbank index having briefly touched a new high for the year last week, analysts are wondering whether German stock exchanges are finally poised to break out of the doldrums that have characterized share markets over the past six months.

Heavy foreign buying of shares gave the markets a substantial and unexpected boost last Tuesday and subsequent profit taking has done nothing to upset operators who believe that the fundamentals are at present positive.

Foreign bargain-hunting is cited as evidence that German shares are cheap at present levels. Hopes are growing that the current success of German industry on export markets will translate into economic revival at home and create the conditions for a drop in domestic interest rates.

Investors have also been encouraged by positive company news, particularly from the steel industry, which has promised a higher dividend for 1981 on the strength of 20 per cent higher profits.

AUSTRALIA

Prices drop



Two incidents last Wednesday clearly showed the current mood of the Melbourne Stock Exchange. In the first

EZ Industries had 50c cut from its previous closing price, bringing the stock down to A\$3.30.

The fall was a harsh reaction to the EZ one-for-five rights issue, aiming to raise A\$42.5m (24.3m) from shareholders. EZ, which opened 14c higher, but quickly fell to A\$4.25, a loss of 1c. This followed Elders' report of a better-than-expected profit and a one-for-two bonus issue.

The first case was over-reaction to bad news — the second was lack of reaction to good news. One broker summed it up this way: "Confidence is shattered." Indeed, there wasn't much to be confident about on the resources scene.

The oil bubble finally burst, with Britain lowering the price of its North Sea crude by \$4 to \$31 a barrel in response to the world oil glut. This will put increased pressure on Opec and particularly Saudi Arabia to reduce prices and/or output.

As far as the market is concerned this will hold back the steady growth in the Australian import parity price for oil and consequently the profit prospects of Australian oil and gas companies. The oil and gas index plunged through the 400 mark, closing the week at 384.0, a drop of 64.5 points or 16.5 per cent from the previous week. Some prominent oil and gas shares suffered in the shakeout.

SOUTH AFRICA

Out for blood

It was a week of blood-letting on the Johannesburg Stock Exchange and there is more to come if the trend continues. In the past week the market capitalization of ordinary shares has fallen by 4,300m Rand (£2,216m) and so far this year the total market value of ordinary shares has fallen by 12,455m Rand to 59,000m Rand.

The most severe drop last week was in gold shares which shed 1,300m Rand of their market value and the current market capitalization is 13,400m Rand. Industrial shares have suffered.

Although the industrial board has held up under the pressure of the last month there were some big losses during the past week with Aeci down from 880 cents to 780, Abercom down from 370 to 330, Premier Milling down to 1300 from 1440, Tiger Oats down from 1930 to 1850, Remgro, the Rembrandt Tobacco Organisation holding company, losing 55 to end on 1,000.

COMMODITIES

Sugar prices still going down

Wander into the trading room of your friendly local sugar broker these days and you will be greeted by the unusual sight of complete inactivity. Normally frenetic dealers have their well-shod feet planted on desks and the feeling of repose is pervasive. It is, any broker will tell you, a very boring market.

Not only is trading slow, but prices are low. The London daily raws price at the end of last week was £155 a tonne, about £100 less than a year ago. Sugar for Mauritius is fetching about £160 a tonne, roughly £120 less than during the same period of 1981. Indeed, during October 1980 prices touched £400 a tonne, and there was talk of them rising further.

But instead the trend has been down, accompanied of

course by the usual fluctuations. Sugar prices are now back to levels prevailing a full two years ago. And part of the reason for the lack of action is worry that we have not seen the bottom of the sugar market.

The worry is superficially surprising because both the European Economic Community and the International Sugar Agreement, the two bodies which in uncertain tandem play a major role in the market's fortunes, have attempted to control the excess supply which afflicts the free market.

For its part, the ISA has cut the quantity of sugar members are allowed to export to 85 per cent of Basic Export Tonnage. BETs are the amounts individual countries may export, and a 15 per cent reduction is the maximum under the agree-

ment. In 1980 members' BETs totalled 15.4m tonnes.

Under its agreement, dating from 1978, the ISA is supposed to keep prices within the range of 13 to 23 cents a pound. Unfortunately sugar is currently hovering around 12 cents. So the intervention of the EEC will also be important. The community proposes to stockpile sugar with the twin aims of not depressing world prices while discouraging farmers from planting more.

The official stockpile target is 1.7m tonnes out of estimated 1981 EEC production of 15.6m tonnes and exports approaching 6m tonnes. ISA and EEC restrictions should go some way to balancing a market which in the 1981-82 season is thought to produce a world surplus of 4.9m tonnes over consumption of 90.4m tonnes.

Michael Prest

CAPITAL MARKETS

Prime rate cut likely, after drop in M1

From Maxwell Newton, New York, March 7

An early reduction in the New York prime rate is inevitable after the big fall in money supply (M1) announced on Friday. Money stock in the week to February 24 fell by \$3,000m to bring the total back below the level of the week ending January 6 and thus wiping out most of the bulge in money growth which has undermined confidence in the financial markets.

The drop in money stock since the peak in the week ended January 13 has been particularly welcome for President Reagan as every reduction in interest rates diminishes the pressure on him to reduce defence spending or to restore previously announced cuts in rates of taxation.

Recent movements in interest rates have been powerfully influenced by the movements in the money stock.

The peak in the Treasury bill rate was reached shortly after the peak in the money supply. This is because there is a lag of one week in the announcement of the money supply figure and because there is a short "assessment time" during which the market has a chance to formulate a view about the significance of change in the money stock.

Bearing those short lags in mind, it is clear that the market is dominated in the short term by the perception

of the significance of the change in the money stock. Two other factors are at work which will depress interest rates in the coming weeks.

First, there has been a quite extraordinary drop in the rate of inflation in America.

In 1979, producer (wholesale) prices in America rose by 12.8 per cent; in 1980 by 11.8 per cent; and in 1981 by 7 per cent. The sharp decline began in May 1981 when the producer price index rose only 0.4 per cent. Since then there has been only one

month — October 1981 — when producers' prices have risen by more than 0.5 per cent.

The Washington Analysis Corporation (a subsidiary of Bache) estimates that in February the producer price index will rise only 0.1 to 0.3 per cent and in March it should rise only 0.0 to 0.2 per cent.

The collapse of oil and gold prices and the pervasive weakness of all commodity price futures will have a strong effect in leading to change in inflationary esti-

mates. In the wages sector, recent growth of hourly wages has dropped below 6 per cent a year.

The second factor which will bring about a collapse of interest rates is the decline in the demand for credit by American corporations. Since October, when the current down phase of the recession began, the momentum (revenue) in the nearly 5 per cent annual rate of decline of real gross national product in the December quarter) outstanding short term corporate loans have risen very rapidly.

Seasonally adjusted commercial and industrial loans by the large commercial banks rose from \$188,000m in October to \$199,000m, in the first week of February. This rise of \$11,000m compared with the rise of \$16,000m between January and October last year. Thus in the period since October these short term corporate bank loans have been rising at an annual rate of something like \$40,000m a year while in the nine months to October they were rising at only about one half that rate.

The exceptionally sharp rise in corporate short term bank borrowing reflected the fact that corporations were caught wrong-footed by the steep decline in output in the fourth quarter of 1981. They had been encouraged to believe by the "consensus" forecasts of American economists that there would be a steep decline in real GNP in the fourth quarter.

Eurobond prices (yields and premiums)			
STRAIGHT DEBT	Price	Yield	Conv. Prem
100% US Govt 1982	100.00	12.50	
100% US Govt 1983	99.98	12.50	
100% US Govt 1984	99.98	12.50	
100% US Govt 1985	100.00	12.50	
100% US Govt 1986	99.99	12.50	
100% US Govt 1987	99.99	12.50	
100% US Govt 1988	99.99	12.50	
100% US Govt 1989	99.99	12.50	
100% US Govt 1990	99.99	12.50	
100% US Govt 1991	99.99	12.50	
100% US Govt 1992	99.99	12.50	
100% US Govt 1993	99.99	12.50	
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100% US Govt 2017	99.99	12.50	
100% US Govt 2018	99.99	12.50	
100% US Govt 2019	99.99	12.50	
100% US Govt 2020	99.99	12.50	
100% US Govt 2021	99.99	12.50	
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BUSINESS NEWS/FOCUS AND COMMENT

INTER-CITY

PEOPLE

Woodlanders
Link call

Mr Wright is the National Trust's adviser on conservation and the news from the office in Gloucester is cheerful. This year's annual report of the trust speaks of "a cause for concern" over woodland loss, but the trust has been successful in securing grants to the Forestry Commission by previous owner.

The commission is busy with the loss of woodland, but there have been fears that new owners might be sympathetic to the objectives of conservation and recreation and public access.

In particular, there are two areas belonging to the trust where the commission has a lease — a 578-acre estate at Buscot, Oxfordshire, and 808 acres at Sudeley, Gloucestershire.

Mr Wright tells me the National Trust is feeling uneasy about the recent move of the Forestry Act, which does not give the trust powers it wanted to veto.

He says the commission has received assistance from the Agriculture Ministry, but Mr Peter Walker, that its interests will be borne in mind.

Fully enough the first bit of NT land subject to a commission lease to come up for sale was offered to a small trust in the form of a small woodland at Dole, Cheshire, and there, for the moment anyway, the matter rests.

There are two new faces at F International, the Berkshire-based computer systems house, many of whose workers are mothers of young children.

The two faces belong to Jane Tozer, who has a son a year old, and who came to F International from the business development manager, and Ann Budge, who has a daughter of nine. Ann Budge is to be area manager for F's new Scottish sales office in Edinburgh.

Jane Tozer's brief is to take F International into new areas of computing services, and Ann Budge's is to exploit Scottish opportunities revealed in a recent feasibility study.

Southampton In conference

Jack Newby, the director of the Electrical Contractors' Association, has come to the party of the way with his senior deputy, Nick Cory.

Newby, an ex-PA management consultant, has been director for the past 2 1/2 years. Cory, a former ECA secretary, has been deputy director for the past three years. One of Cory's duties at ECA was to organise the association's annual conference, in which capacity he won an award last year from the Association of Conference Executives.

This is a pointer to what Cory will be doing next. He has formed Nicholas Cory Ltd, his own conference and communications firm, in Havant (Southampton) and London, and will now be in Southampton business with Norman Kemish about "business development".

Kemish, a former stand-by comedian, is now with his partner, a former ECA electrical contractor and co-owner of the Southampton Boat Show. But perhaps more to the point, Kemish becomes president of the Southampton Chamber of Trade in May.

Graham Barnack comes up with some fascinating nuggets in his work as managing director of the Economist Intelligence Unit and a member of the Economist's Advisory Group. Which part, would you think, is "surpassed as a natural harbour" only by Suez and Rio de Janeiro?

With a water depth of 14 fathoms, and able to take vessels of any size, it is a British port, and according to Barnack's latest EAG study, it is the most important port in the world.

Mr S. J. Selwyn has been appointed as group financial controller of Bowater Holdings.

Mr Paul Bradley, managing director of Seagram Europe, has been promoted to vice-president and marketing director of Seagram Europe.

Mr John Mitchell and Mr James Scott have been appointed as executive directors, and Mr Fraser Sadoole as a non-executive director of Talc & Lye.

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Weather-beaten tourist industry
seeks an investment umbrella

The leisure complex that puts a wide range of attractions from night clubs to wave pools under one roof is already proving a success as a way for Britain's tourist industry to beat the weather.

The most elaborate example, the Great Yarmouth Marina Centre, promises to be well into the black in its first year of operation after a winter season, which has surprised — pleasantly — its managers. There are similar centres — on a more limited scale — at Rhyl and Swansea in Wales and on the Isle of Man (the re-built Summerland).

But if Mr Michael Montague, chairman of the English Tourist Board (ETB), gets his way, they could soon be appearing in an increasing number of resorts, both on the coast and inland.

New ways of funding projects and a policy switch by government on geographical "limitations" on tourist development are also factors in this and other schemes envisaged by Mr Montague as a way of rescuing England's faded tourist performance.

Last year Britain had its biggest tourism deficit yet — £1.5 billion, £245m more abroad than it earned in the United Kingdom, while overseas visitors to the United Kingdom declined seven per cent.

The ETB's plan involves three main elements. One is making greater use of low-interest loans from the European Investment Bank (EIB). These are currently running at £12m a year but there now seems an increasingly good chance of pushing this nearer to £20m a year for the next two years.

A £7m hotel at Harrogate, complementing the town's new conference centre, is demonstrating the investment gearing to be expected from EIB loans. There £2.5m in EIB loans went in, linked to cash from a City institution and with some involvement by the local developer.

The EIB loan, and the ETB's role in helping to get institutional backing, made it possible to get the scheme for the 330-bedroom hotel off the ground, according to the local developer, Mr John Abel, a Harrogate hotelier.

Institutional money is the second element in the ETB's plan.

Mr Montague says: "City institutions have not been over-enthusiastic about putting money into tourist development and that probably goes back to when they saw too many fingers burned when the property market crashed. What we have argued is that, even though hotels or other developments may have been involved, it was a property market problem, not just a tourism one."

The point is getting home, he believes. In the drive to get investment in inner city areas, institutions could also find themselves involved in tourist development.

The more sympathetic approach by institutions is encouraged by the soft-loan element injected by the EIB. At the moment, however, an investment package like this can only be put together effectively in development areas. EIB money is tied to such areas, so is any assistance from the ETB from its current annual budget of £12m.

At Scarborough, for instance, a £6m programme which included renovation of the Spa conference complex and upgrading of local hotels, was able to attract around £1m from the EIB and a similar amount from the ETB.

But there are tourist centres in non-designated areas which deserve help as much as at Scarborough, Mr Montague maintains. There are resorts on the south coast from Margate to the West Country where high unemployment could be alleviated by tourist development, he says.

Loosening this development area straitjacket is the third element needed if the ETB's plans are to achieve maximum impact. There are signs that Whitehall may accept this thinking, although whether Brussels would widen the base for EIB loans is another matter.

The continued restriction of EIB loans to the development areas is not the only possible problem there. If interest rates in the United Kingdom were to decline relative to those in Europe the EIB terms would be less attractive.

That emphasizes the importance of efforts like those of Mr Montague to win the institutions over to the merits of tourist development.

If the ETB is given the go-ahead to extend its investment activities geographically its present level of resources will look rather meagre which should provide the impetus for putting together more deals involving institutions and local developers.

Perhaps next year the ETB might have some chance of getting more money for aiding tourist projects if only on the argument that the industry is labour-intensive and stands a good chance of reducing unemployment.

But the encouraging development for the ETB is that when it does decide to support schemes, albeit in small measure in actual cash terms, this increasingly is proving sufficient to persuade institutions to move in with their substantial backing.

Mr Montague would also like to see more emphasis on improving resort attractions.

Tourism: the trade balance at current prices

	£m	£m	£m
	UK earnings from overseas visitors	UK residents spending abroad	balance
1971	500	442	+ 58
1972	576	535	+ 41
1973	726	695	+ 31
1974	989	703	+ 195
1975	1,218	917	+ 301
1976	1,768	1,068	+ 700
1977	2,352	1,186	+ 1,166
1978	2,507	1,549	+ 958
1979	2,797	2,109	+ 688
1980	2,961	2,738	+ 223
1981	3,041(p)	3,286(p)	- 245

Source: Department of Trade (p) Provisional



Relaxing at the Great Yarmouth Marina Centre — an all-weather lure for tourists

"I suspect that tourist attractions are at least equal in importance to if not more important than the accommodation on offer," he said. "We do not need more hotel rooms, although quality needs to improve, more central heating, less sharing of loos."

He regards the £5.7m Great Yarmouth complex as a textbook example for other resorts. "Within five years I expect to see at least a dozen such centres around the country," says Mr Montague.

Facilities in the beach-side building include a pool with waves lapping onto warmed tiles, a variety of sports facilities, an entertainment piazza, amusements, catering areas and a discotheque. On Caribbean evenings by the pool the lights are dimmed, steel bands play and the food and drink have a tropical touch.

The local authority, faced with doing something about an old open-air seawater pool, got the project on the road with the backing of the National Coal Board Pension Fund. That avoided the problem of barking shins against public sector borrowing limits.

Mr Chris Barnard, the general manager, expects the first year's trading surplus at least to meet payments due to the pension fund.

When the centre opened last summer 5,500 people a day paid 40p (half price for a child) to get into the complex. Almost as many passed through the turnstiles in the autumn, according to Mr Barnard.

"People are coming for the day or for the week-end and from quite far afield. We did not expect to make any money in this first winter; in the event we could be near breaking even."

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Business Editor

Aiming for lower
interest rates

"In the year ahead the burden of income tax and excise duties has to rise in order to secure lower interest rates and thus improve the prospects for industry and employment," said Sir Geoffrey Howe a year ago.

This time the Chancellor will presumably not need to be quite so harsh when it comes to the tax burden, though it remains hard to see that he can avoid raising it slightly since the proposed increase in National Insurance contributions.

The point, however, is that the broad thrust of the strategy is clearly going to remain the same — a tight fiscal policy in order to leave room for a progressive fall in interest rates.

The cynics might be forgiven for recalling that Budget day last year produced both the first and last steps on the road to lower interest rates. Minimum Lending Rate, for those who remember it, was cut from 14 to 12 per cent. But after the first bout of euphoria, interest rates, both short and long term, then proceeded to move steadily higher. Bank base rates were back up to 16 per cent by early autumn and still stand at 13 1/2 per cent.

So what are the chances of things running rather more kindly for Sir Geoffrey this year?

On the domestic front, the major worry must be the strength of the economic recovery and the kind of wage pressures which that produces for the next year.

For one starts from the relatively tight position where consistency with the Medium Term Financial Strategy provides for monetary growth (whether or not specifically pinned to sterling M3) of 5 to 9 per cent. As in America, the monetary authorities over here will doubtless expect growth to be near the top end of that range. Even so, some increase in the velocity of circulation is required to finance a prospective increase in money GDP over the next 12 months of perhaps 11 to 12 per cent.

That may not in itself seem unreasonable. But the issue becomes rather more worrying if one looks at it from the viewpoint of a likely credit demand required to finance recovery, particularly to finance the upward swing in the stock cycle.

The latest year's figures for bank lending to the private sector have, of course, been inflated by the banks' rapidly expanding share of the mortgage market. But that hardly makes the position any more comforting.

If one assumes that the Government can fully fund its borrowing requirement in the non-bank market without too much difficulty (thus making no contribution to monetary growth), the expansion of banking credit to the private sector needs to be consistent with a maximum implied growth in sterling M3 of less than £8,000m.

In the latest 12 months, making in a period of heavy destocking by industry, bank lending to the private sector has grown by £11,400m (or over 20 per cent). During the past six months, as destocking has started to wane, it has grown at an annual rate of £17,500m. Can the private sector's appetite for credit grow still further?

On the face of it, the figures for the last six months — an annualised rate of increase of a good 30 per cent — are unsustainable. Indeed, it may well be that the financing of tax payments deferred by the civil servants' dispute last summer has significantly distorted the trend.

However, in spite of the improving picture in corporate profitability, it still seems likely that the financing of higher activity will push the corporate sector firmly into financial deficit: tax year.

The Chancellor may, of course, propose direct measures to relieve industry's cash flow problems, either by way of a lower

National Insurance surcharge or some scheme for the payment of interest net of tax. Alternatively, or additionally, the Chancellor may well feel that the outlook for inflation is sufficiently improved this year to offer a more realistic prospect of the fall in long term yields required to persuade companies to start refinancing their bank borrowings in the long term capital markets.

Developments on these two fronts and, perhaps, an odd reminder to the banks to watch their lending to the personal sector may be enough to see us through. Doubtless the trend in long term interest rates and PSLE (the broad measure of private sector liquidity) will also be used to offer guidance as to the strength of total credit demand in the economy.

Even with favourable developments on the credit front, however, it is difficult to envisage a precipitate fall in interest rates. It would be surprising were the Government prepared to see real interest rates returning to more than 10 per cent with a real yield curve rising say from two per cent at the short end to three per cent further out.

On the domestic front, the major worry must be the strength of the economic recovery and the kind of wage pressures which that produces for the next year.

For one starts from the relatively tight position where consistency with the Medium Term Financial Strategy provides for monetary growth (whether or not specifically pinned to sterling M3) of 5 to 9 per cent. As in America, the monetary authorities over here will doubtless expect growth to be near the top end of that range. Even so, some increase in the velocity of circulation is required to finance a prospective increase in money GDP over the next 12 months of perhaps 11 to 12 per cent.

That may not in itself seem unreasonable. But the issue becomes rather more worrying if one looks at it from the viewpoint of a likely credit demand required to finance recovery, particularly to finance the upward swing in the stock cycle.

The latest year's figures for bank lending to the private sector have, of course, been inflated by the banks' rapidly expanding share of the mortgage market. But that hardly makes the position any more comforting.

If one assumes that the Government can fully fund its borrowing requirement in the non-bank market without too much difficulty (thus making no contribution to monetary growth), the expansion of banking credit to the private sector needs to be consistent with a maximum implied growth in sterling M3 of less than £8,000m.

In the latest 12 months, making in a period of heavy destocking by industry, bank lending to the private sector has grown by £11,400m (or over 20 per cent). During the past six months, as destocking has started to wane, it has grown at an annual rate of £17,500m. Can the private sector's appetite for credit grow still further?

On the face of it, the figures for the last six months — an annualised rate of increase of a good 30 per cent — are unsustainable. Indeed, it may well be that the financing of tax payments deferred by the civil servants' dispute last summer has significantly distorted the trend.

However, in spite of the improving picture in corporate profitability, it still seems likely that the financing of higher activity will push the corporate sector firmly into financial deficit: tax year.

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The threat to Belgium's unity

INTERNATIONAL
OUTLOOK:
STEEL INDUSTRY

By Peter Norman

Brussels

The long-running crisis in the South Belgian steel industry threatens to get out of control.

The outward symptoms over the past two weeks have been strikes and demonstrations in the steel towns along the Sambre and Meuse Valleys as workers have followed the call of their unions to protest against the likelihood of job losses.

But the economic problems of the industry, centred on the ailing Cockerill-Sambre steel concern, have begun to shake personalities and institutions far beyond the grimy manufacturing centres near Liege and Charleroi.

The future of the steel industry in southern Belgium has put the Government in Brussels on collision courses with the EEC Commission.

It threatens to erode the position of Viscount Etienne Davignon, the Belgian national who is EEC Commissioner for Industry and Energy, and until now the undisputed star in the European Commission.

The steel dossier has landed back on the Belgian Cabinet table with a thump and ended the political honeymoon for Mr Gillfried Martens, the new centre-right coalition government which took power in the middle of December.

Mr Martens, by obtaining special executive powers from parliament, made an impressive start on his policy of public restraint and encouraging free enterprise.

But the steel crisis has provided a focus for opposition from both Christian and socialist trade union organisations in southern Belgium and the French-speaking Socialist Party, which for the first time in many years, is outside the government.

Some observers even believe that the problems of the steel industry in French-speaking Wallonia could accelerate the break up of the Belgian state.

The prospect of the Wallonian steel industry being a continued drain on government funds has provoked flares for regional financing of Belgium's problem industries that would inevitably lead to a further weakening of the links between the two linguistic communities that live uneasily side by side in the kingdom of the Belgians.

Strangely enough, these calls have been echoed by French-speaking politicians



Striking Belgian steel workers showed a united front last week, but the crisis-hit industry threatens to split the country

and union representatives, who, apparently ignoring the heavy financial burden that regionalization would mean for the south, want the South Belgian steel industry to be controlled by the Wallonians themselves.

Cockerill Sambre, the company at the centre of the conflict, is 80 per cent owned by the Belgian state. It was formed last year from the Cockerill Steel Company of Liege and the Hainault Sambre group of companies based in Charleroi, about 55 miles to the west.

By all objective criteria it should have been declared bankrupt long ago.

The group owes its existence to the enormous amounts of government aid pumped into its constituent parts since the beginning of the steel crisis in 1974. The official purpose of the aid — to enable the industry to restructure — was quickly forgotten as funds were used to stem losses and maintain a production capacity of 8.5 metric tonnes of steel a year and a workforce of around 25,000 men.

This prodigious expenditure of public funds was finally halted by the European Commission last week.

After a tense round of talks, Viscount Davignon rejected key parts of a Belgian Government rescue plan for the Cockerill Sambre group on the grounds that the restructuring elements in the scheme were insufficient to return it to profitability.

The commissioner disclosed that a McKinsey management consultancy

team has predicted that the group, which lost 17,000m Belgian Francs (£213m) last year, could still expect deficits of between BF5,700m and BF18,000m in 1985 and depending on the state of the steel market if the Government's proposed BF27,000m aid and restructuring package as accepted in full.

Under a code of practice adopted by the EEC member states and enforced by the commission, state aid for the steel industry has to be phased out by the middle of the decade. Viscount Davignon was left with no choice but to reject the package.

Although the commission accepted the need for a decision to block a BF6,000m tranche intended to finance a new continuous casting plant at Seraing brought the crisis to a head.

The decision, based on McKinsey's prediction that the plant would lose nearly BF300m a year, not only pushed the dossier back to the Belgian Government, it also stoked up trade union hostility.

For Seraing, once the home of the Prince Bishops of Liege, is also the power base of the formidable socialist trade union leader, M. Robert Gillon. The slow death of Seraing, a steel-making centre, implied in the decision, has left M Gillon with nothing to lose and everything to gain in a fight to the finish with the commission and the Belgian Government.

The Belgian steel plan has been described as an unexpected bomb that could blow up in the face of any person

or organization going too near it.

Commissioner Davignon already bears some scars. The Government in Brussels, dominated by Flemish-speaking Christian and liberal politicians, has been nearly side stepping the steel problem and passing the buck to a French-speaking Socialist Christian must look for his political constituency to the south of the country.

Davignon, who would be involved anyway as a result of his European functions, is doubly implicated because over the years he has insisted, for domestic political reasons, on taking part in the decision making on the restructuring of the southern Belgian steel industry.

Inevitably French-speaking socialist politicians and trade unionists are holding the commissioner partly responsible for the 5,000 or more jobs that will be lost in an already depressed part of the country if Cockerill Sambre does not get its fourth continuous casting plant in Seraing.

The social unrest that has accompanied the Cockerill Sambre issue has taken some of the glitter off Mr Martens' fifth government and could weaken his support in the business community. The strikes, demonstrations and threats of a "march on Brussels" have brought to a halt the long upsurge of Belgian stock prices that followed this Government's creation.

The loyalty to the centre-right coalition of the French-speaking Social Christians could also be put to the test as this party has been in

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Copies of the proposed Scheme will be supplied on written request to the Secretary of the Commission (quoting the reference above) and may also be seen at their office at the above address.

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DEATHS
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PERSONAL COLUMNS

HOLIDAYS AND VILLAS
FALCON EASTER BARGAINS

Falcons are offering a choice of April holidays to the Greek Islands

KOS—Chios House in Kardamena

DOPO—Chios House in Kardamena

DOPO—Chios House in Kardamena

DOPO—Chios House in Kardamena

Bar on militants urged after bloodshed speech

By Julian Haviland, Political Editor

Members of the Labour Party's national executive committee, shocked by a speech in which a prospective parliamentary candidate forecast bloodshed unless society was speedily transformed, today try to prevent the endorsement of candidates of any more militant tendency members until after an inquiry into their influence in the party.

The speech by Mr Pat Wall, a prominent member of the militant group, was made at a meeting of the NEC in place of Mr Ben Ford, the Bradford North MP, who has been challenged on procedural grounds, was condemned by senior figures on the right of the Labour Party.

Mr Roy Hattersley, speaking on independent television, said Mr Wall was "not a legitimate candidate for the Labour Party to endorse".

Mr Peter Shore, said on BBC radio that Mr Wall did not speak for the party and was not going to do so. It was perfectly reasonable for some one to hold and express Mr Wall's views, but it had nothing to do with the democratic socialism which was fundamental to the Labour Party.

Mr Wall, speaking in Bradford last Thursday at a meeting with members of the Socialist Workers' Party, said a Marxist Labour Government would have to deal with the capitalist state machine immediately.

"It would mean the abolition of the monarchy, the House of Lords, the sacking of the generals, the admirals, the air marshals, the senior civil servants, the police chiefs and in particular the judges, and people of that character."

He is reported in *The Sunday Times* to have added: "We will face bloodshed in Britain. We will face the possibility in Britain of a civil war, and the terrible death and destruction and bloodshed that would mean."

Yesterday Mr Wall did not deny that he had used those words, but said the report had taken them out of context. He wanted a drastic change in British society but he wanted to bring it about by peaceful means, through Parliament.

The organization committee of Labour's NEC is expected to rule today that the selection process in Bradford North should be repeated because of procedural irregularities when Mr Ford was ousted. In theory that will give Mr Ford a chance of reinstatement, but Mr Wall forecast yesterday that he would be selected by a much bigger majority than before.

Mr John Golding will tomorrow propose that the NEC should defer endorsement of any candidate belonging to the militant tendency until the special inquiry has reported, probably in June.

Mr Shore said yesterday that it was clearly folly for the NEC to endorse new candidates from the militant tendency, which was itself under inquiry.

Some NEC members, however, prefer not to act against individual militant parliamentary candidates. They are content to await the inquiry report, believing that militant members will thereafter be required to choose between the tendency and the party.

Moderate trade union leaders, appalled at the latest disclosures of militant tendency activities, see a new opportunity to reverse the recent advances of the left in the Labour Party (Paul Routledge writes).

Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers, vowed yesterday: "I would personally back any move to restore the status quo as far as election and reselection of MPs is concerned. It has been a divisive measure introduced in the Labour Party. Far from bringing peace, it has brought war to many local parties."

Mr Wall and other militant candidates were masquerading as friends to gain entry to the party's headquarters.

Mr Sidney Weighell, general secretary of the National Union of Railwaysmen, who has fought against Militancy in his own union, said: "These sort of people should be kicked out of the party. They want to destroy the party."

The vehemence of the trade union moderates' condemnation suggests that the outbreak of peace in the party two months ago was premature.

Mr Wall's son was the victim of a gang fight in Bradford, West Yorkshire, on Saturday night (Our Bradford Correspondent writes).

Mr David Wall, a print worker, aged 18, was taken to hospital with a suspected broken nose after being attacked by the gang as he left a café.

His mother, Mrs Pauline Wall, said: "David did nothing to provoke the attack. We are a peace-loving family."



Family portrait the Russians haven't seen

The friendship between President Brezhnev's 53-year-old daughter Galina and a man known as Boris the Gypsy, who was recently arrested for corruption has put the spotlight on a family that is normally kept firmly in the political background in the Soviet Union. (Michael Binyon writes from Moscow).

The wives and children of Politburo members play no public role in the Soviet Union, are not photographed with their husbands and do not appear at public engagements as they do in the West. Indeed, it is often not known whether Politburo members are married or widowed, how many children they have, and what they do.

The Russians are sensitive to intrusion into the private lives of their leaders, virtually a taboo subject in the Soviet Union. Strict measures are taken to see that the activities of family members are not used to reflect on their parents' political standing.

Photographers have not been allowed into the Brezhnev's summer residence near Yalta, nor to his country dacha, near Moscow. It is not even known exactly whether the Soviet leader has two children, as officials acknowledge, or three.

Ordinary Russians have never seen the President's grandchildren and the Soviet press has never portrayed the Brezhnev family as they are seen above.

Standing in the back row (left to right) are Yuri Brezhnev, (son of Leonid), a woman believed to be Galina, daughter of Leonid, and her husband, Galina (daughter of Leonid) and her husband Yuri Churbanov; an unidentified woman thought to be the wife of one of Leonid's two grandsons; Ludmila (wife of Yuri Brezhnev) and daughter-in-law of Leonid; and Andrei, aged 20, Yuri Brezhnev's son.

Seated in the front row are Viktoriya (Leonid's wife);

Galina, aged 8, Leonid's only great-granddaughter, whose mother is Viktoriya, the only granddaughter; and Leonid's daughter, Galina.

Not shown are President Brezhnev's second grandson, Leonid, aged 25 (son of Yuri); and Mikhail, said to be an adopted son whose existence is not acknowledged by Soviet authorities.

President Brezhnev's eldest son Yuri, in his late forties, followed his father into politics and is now the First Deputy Minister of Foreign Trade. His daughter Galina, aged 53, is married to the deputy head of the Ministry of Internal Affairs. And his youngest son Mikhail, about 18, is a student at the Moscow State University, believed to be studying journalism.

The political rise of Yuri Brezhnev has been meteoric. He began his career in 1960, graduating from the Academy of Foreign Trade, and then spent several years working in the organization responsible for importing equipment for light industry.

In 1965 he was appointed a department head of the Soviet Trade Mission in Sweden, and was later promoted to deputy head then head of the mission.

In 1970 he was made chairman of an export-import agency dealing with industrial raw materials, and in this capacity was elected a delegate to the 25th Party Congress from the Dnepropetrovsk party organization, an unusual honour for one in his position.

Galina Brezhnev has been married twice. The first marriage to a man younger than herself was dissolved within a year, and the second was to Yuri Churbanov, who in 1980 became Deputy Minister of the Interior at the age of 44.

President Brezhnev's wife, Viktoriya, keeps in the background, and appears only occasionally in public. She is believed to be half Jewish, though little is known of her family background.

Letter from New York

Why FDR kept quiet about Pearl Harbour

New evidence has emerged that President Franklin D. Roosevelt knew in advance that the Japanese were planning to attack Pearl Harbour, and did nothing to stop it. The arguments are set out in *The Japanese Attack on Pearl Harbour*, by John Toland, a historian and Pulitzer prize-winner, which is to be published in America next month.

Toland believes that there was a cover-up for many years, but that it is now over. He even suspects that some of the missing pieces of evidence may have been deliberately made available to him.

His final judgment of President Roosevelt's conduct is critical, but not damning. He believes that the President made the mistake of underestimating the strength of the Japanese naval force, and the excellence of its equipment. But he had been misled on this point by General Marshall, who had written a report for the President only a few months earlier, saying that the Japanese would be no match for the Americans.

Toland also attributes President Roosevelt's inactivity to his desire to conceal that the Americans had cracked the Purple Code, which Tokyo used to talk with its Ambassador in Washington.

The most important leads in Toland's patient piece of detective work were provided by Captain Johannes Ranneft, who was the Dutch Naval Attaché in Washington during the war. It took Toland a year to track down the Dutchman.

According to the author, Captain Ranneft was owed a favour by the Americans in 1941, because he had leaked to them the secret of the Bofors gun, by way of a friend in Java.

When Ranneft was called to the Office of Naval Intelligence on December 2, five days before the attack, and told by Admiral Wilkins, head of the Office, that two Japanese aircraft-carriers had been sighted heading east. They could have been going almost anywhere at that point, and he was ostensibly told on the grounds that they might constitute a threat to the Dutch East Indies.

Nevertheless, an attack on American bases was already a possibility, and Captain Ranneft was anxious enough to wire the information immediately to his Government, then in exile.

Four days later, Captain Ranneft returned to the ONI and asked Admiral Wilkins where the two carriers were. According to Captain Ranneft, Wilkins told him they were 300-400 miles west of Honolulu.

The Dutchman immediately wired his Government again, adding, ironically, as it turned out, "If they come in, it will be in Washington, you can be 100 per cent sure they know in Honolulu."

Mr Ranneft, who died only a month ago, was reprimanded by his Government after the war for leaking secrets, but was later commended.

Other evidence in the book concerns a "Seaman Z", who in 1941 was attached to the 12th Naval District, and was given an assignment to track the "missing" Japanese fleet ("missing" because it had maintained radio silence since about the third Thursday in November).

Using intelligence from six wire services and from ships at sea, Seaman Z and a colleague became convinced that they had located the fleet, and that it was heading for Pearl Harbour.

Evidence of the subsequent cover-up was provided by the case of a ship of the Matson Line, which sailed between San Francisco and Honolulu. The radio operator of one of these ships believed that he had located the Japanese fleet before December 7 and, while still at sea, alerted the United States Navy. Yet when the ship returned to San Francisco on December 10, the ship was met, and its log and other documents confiscated by the Navy.

Later came across a tape made by Mrs Francis Perkins, the Secretary of Labour in President Roosevelt's cabinet, in which she described the President's strange reaction to the news of Pearl Harbour. "Rather sugary-looking," she said. "He knows something we don't know."

This tape had supposedly been in the Columbia University Library of Oral History since 1932, but nobody had found it before Toland.

One man who will not be pleased by Toland's revelations is Gordon Prange, author of a book called *The Day After Pearl Harbour*. It is a year to research, and is a great success. It concludes that the President probably did not know about the Japanese attack in advance.

Peter Watson

THE TIMES INFORMATION SERVICE

Today's Events

Royal engagements

The Queen attends the Commonwealth Day Observance Service at Westminster Abbey, 3.30, and later attends a Commonwealth Day reception at Marlborough House, 6.30.

Princess Anne attends the 400th anniversary celebration of the granting of a royal charter to Maidenhead, Berkshire, 4.30.

The Princess of Wales attends a premiere of *The Little Foxes*, in aid of the Army Benevolent Fund and the Metropolitan Police Combined Benevolent Fund at the Victoria Palace Theatre, London, SW1, 7.15.

Princess Alice, Duchess of Gloucester visits the Daily Mail Ideal Home Exhibition, Earls Court, London, 3.

Talks, lectures

A new acquisition (1): Lee Krassner's "Gothic Landscape", by Richard Francis, Tate Gallery, 1.

World English—or, whose language is it, anyway? by Professor Peter Strevens, Royal Society, 1.

Art, 8 John Adam Street, WC2, 6.

God's New Society—Top Priority, by Canon David Watson, 1.

Sion College, Victoria Embankment, SW1, 7.15.

Shakespeare's tragic villains

by Sandra Clark, London School of Hygiene and Tropical Medicine, WC1, 8.15.

Tel: 01-275 1111.

Organ recital, Jonathan Rea, St Michael's Cornhill, 1.10, St John's, Smith Square, Westminster, 1.

Francis Christou (clarinet) and Mary Harrison (piano) recital, St Lawrence Jewry, next Guildhall, 7.30.

Concert by LSO (Claudio Abbado) with Vladimir Ashkenazy on the piano, Barbican Centre, Barbican, 6.30.

New exhibitions

Australian Art of the Western Desert, work of tribal Aborigines in Central Australia, Museum of Modern Art, Burlington Gardens, W1 (Mon to Sat 10 to 5) (from today until May 3).

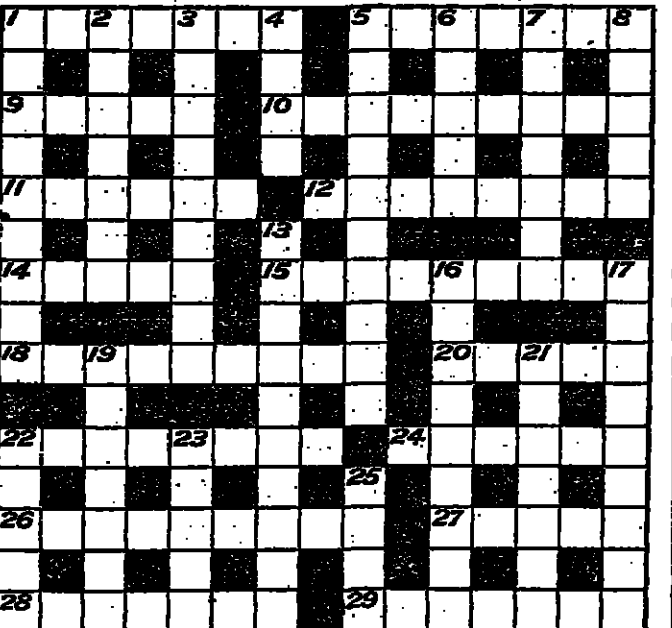
Paintings of John Quinlan Pringle, including oils, watercolours and miniatures, Fine Art Society, 148 New Bond Street, W1; Mon to Sat 9.30 to 5.30, Sat 10 to 1 (until March 26).

Wicks

Jack the Ripper murders, 1888, meet Aldgate East Underground (Art Gallery exit), 7.30.

The National Gallery has just instituted a recorded information service. The public can now hear opening times, details of exhibitions and information on educational events, such as lectures and guided tours by ringing the Gallery on 01-639 3525.

The Times Crossword Puzzle No 15,774



- ACROSS
- 1 Horse has elephant's disorder, poor nag (7).
 - 2 Part of Greater London Transport? (7).
 - 3 Showing signs of age as coat might be (5).
 - 4 It reduces production of seeds at Wimbledon (4-5).
 - 5 Spitefulness of married woman (6).
 - 6 Job's for horses (8).
 - 7 All the composer required (5).
 - 8 Doctor carries animal to land, slaughtered (9).
 - 9 Age Maud had not reached (9).
 - 10 Fight waste? (5).
 - 11 Moss can't edit the paper (6).
 - 12 Noted opening of sonnet? (6).
 - 13 Theatre warps (9).
 - 14 A title wrongly given (5).
 - 15 Retired sailor has wrinkle with a bit of rigging (7).
 - 16 Lay claim to quiet rented building (7).
- DOWN
- 1 Eskimo dogs (only the bitches giving tongue?) (9).
 - 2 Garment for one sort of square (7).
 - 3 Court case about theologian, one with a drug problem (9).
 - 4 Swallow tobacco on rising (4).
 - 5 Death of an Admiral—a novel (7, 3).

The Solution of Saturday's Prize Puzzle No 15,773 will appear next Saturday

The Times list of best-selling books

Cloth	Author	Price
The Holy Blood and the Holy Grail	Michael Baigent et al	£3.95
The Last Waltz in Vienna	George Clark	£2.95
French Leave 1942/3	Richard Blinn	£2.95
Great Railway Journeys of the World	Michael Kingdon	£2.95
Night of the Children	Salman Rushdie	£2.50
France à la Carte	Richard Blinn	£2.50
John's Pocket Wine Book	Catherine Cookson	£2.50
Music		
Organ recital, Jonathan Rea	Kit Williams	£3.95
St Michael's Cornhill, 1.10	Kathryn Spink	£4.50
St John's, Smith Square, Westminster, 1		
Francis Christou (clarinet) and Mary Harrison (piano) recital		
St Lawrence Jewry, next Guildhall, 7.30		
Concert by LSO (Claudio Abbado) with Vladimir Ashkenazy on the piano, Barbican Centre, Barbican, 6.30		
Books		
Rites of Passage	William Golding	£1.95
Relief	Dick Francis	£1.95
The French Lieutenant's Woman	John Fowles	£1.95
The Covenent	James Michener	£2.95

The Times list is based on trade sales through Hamrick's to 400 bookshops and verified retail sales through eight Hamrick's bookshops and 20 others.

Nature notes

House sparrows are singing everywhere though scarcely noticeable except as a gurgling spring of ordinary chirps. The sparrows are still in their winter flocks on farmland, and few have yet returned to the orchard trees and fir trees. They have become more common in Britain having invaded the new conifer plantations. Firebirds have been seen in the garden at regular intervals in recent years, particularly favouring Buckinghamshire.

Aspen trees are thick and woolly with catkins, the male ones a rich red, the female long and green. The yellow-green flowers of dog's mercury are abundant on woodland floors: it is one of the only flowers ever to be seen in the barren brown spaces under beech trees. The regular pink clusters of buttercup are coming out, though their leaves, which will grow up to a yard wide, have hardly begun to appear. On rubbish tips tough old stems of scented mayweed which survived the winter are putting out white blooms. Dandelions are coming out.

Roads

Midlands: M6: Two-way traffic on one carriageway between junctions 1 (Rugby) and 2 (Coventry). M5: Two-way traffic on one carriageway between junctions 7 (Worcester) and 8 (N50).

London and the South-east: M10 northbound closed from 8 pm to 6 am, no exit from M1 northbound at junction 8 (Hamlet). A13: New Road and Rippel Road, Dagenham, resurfacing after 9.30 am, westbound, only one lane open the AA reports.

The papers

The Militant Tendency vision of tomorrow's Britain is presented by Pat Wall, Labour prospective candidate for Bradford North. And a terrifying vision it turns out to be, the Daily Mirror said. The Royal Family and the House of Lords will be abolished, along with generals, admirals, air marshals, police chiefs, top civil servants, Labour ministers, and "people of that character". To him parliamentary democracy is a "minor issue". Does the local party committee really believe that is what is wanted by the voters of Bradford?

The Pound

Bank	Bank	Bank
Australia 5	1.77	1.68
Austria Sch	31.00	29.75
Belgium Fr	89.00	84.50
Canada \$	2.30	2.21
Denmark Kr	13.12	12.32
Finland Mk	8.63	8.18
France Fr	11.49	10.88
Germany DM	1.51	1.46
Greece Dr	116.00	109.00
Hong Kong \$	11.10	10.50
Italy Lit	2380.00	2280.00
Japan Yen	166.00	159.00
Netherlands Gld	4.52	4.46
Norway Kr	131.00	124.00
Portugal Esc	207.00	192.00
Spain Ptas	166.00	159.00
Sweden Kr	13.12	12.32
Switzerland Fr	5.38	5.26
USA \$	1.51	1.46
Yugoslavia Dnr	95.00	92.00

Rates for small denomination bank notes only, as supplied yesterday by Barclays Bank International Ltd.

London: The FT Index closed up 4.0 at 360.7 on Friday.

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Weather

Trough of low pressure will be slow moving in the W.

6 am to midnight

London Area, SE, E, England, East Anglia, Midlands: (1) Heavy rain, strong wind S, moderate; max temp 7 or 8C (45 or 46F). (2) Heavy rain, strong wind S, moderate; max temp 7 or 8C (45 or 46F). (3) Heavy rain, strong wind S, moderate; max temp 7 or 8C (45 or 46F). (4) Heavy rain, strong wind S, moderate; max temp 7 or 8C (45 or 46F). (5) Heavy rain, strong wind S, moderate; max temp 7 or 8C (45 or 46F). (6) Heavy rain, strong wind S, moderate; max temp 7 or 8C (45 or 46F). (7) Heavy rain, strong wind S, moderate; max temp 7 or 8C (45 or 46F). (8) Heavy rain, strong wind S, moderate; max temp 7 or 8C (45 or 46F). (9) Heavy rain, strong wind S, moderate; max temp 7 or 8C (45 or 46F). (10) Heavy rain, strong wind S, moderate; max temp 7 or 8C (45 or 46F). (11) Heavy rain, strong wind S, moderate; max temp 7 or 8C (45 or 46F). (12) Heavy rain, strong wind S, moderate; max temp 7 or 8C (45 or 46F). (13) Heavy rain, strong wind S, moderate; max temp 7 or 8C (45 or 46F). 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